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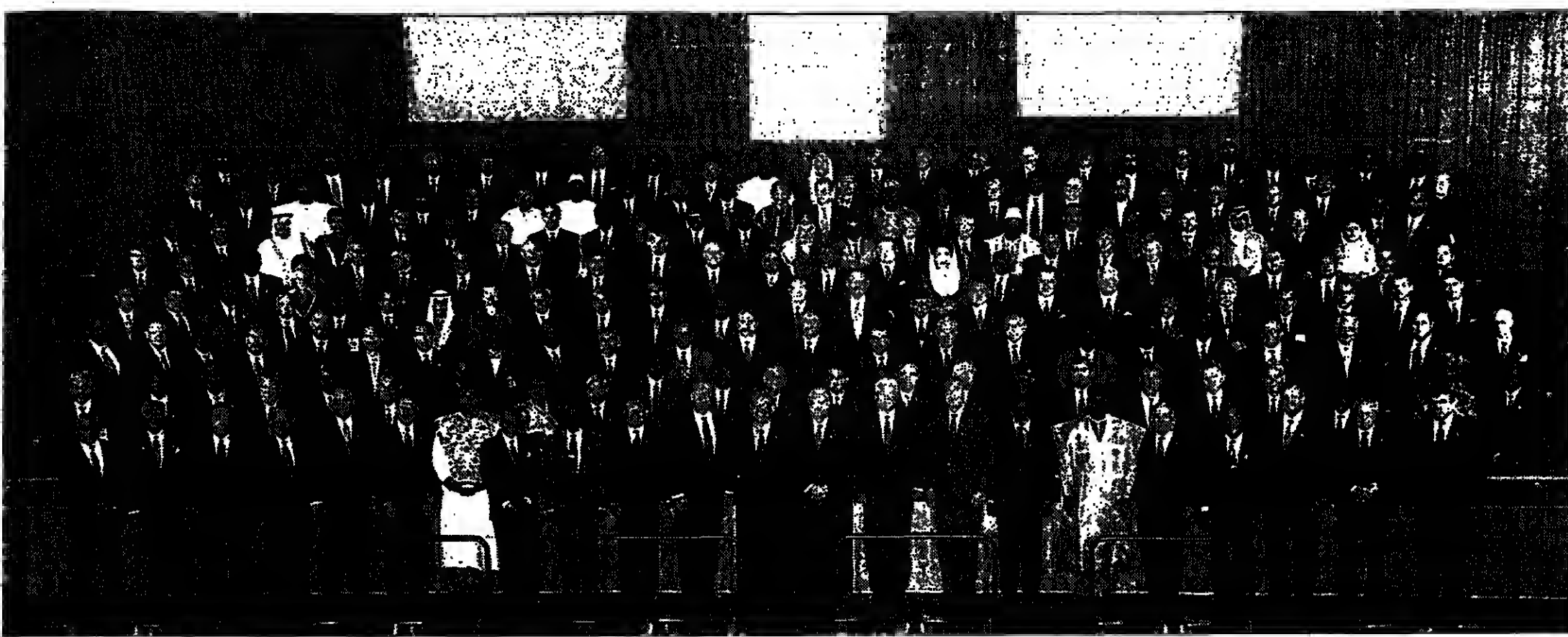
The World's Daily Newspaper

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## As the UN Turns 50, Leaders of the World Gather to Pay Homage to Its Peaceful Principles



At the largest gathering of world leaders in history, the heads of more than 170 states posing for a group photo on Sunday at the celebrations in New York for the United Nations' 50th anniversary.

## Clinton Offers New Agenda For UN After The Cold War

President Urges Nations To Combat Crime and Control Rogue Weaponry

By Lawrence Malkin  
International Herald Tribune

UNITED NATIONS, New York — At the start of the meeting to mark the 50th anniversary of the United Nations, President Bill Clinton on Sunday proposed a post-Cold War agenda to combat terrorism and money laundering, and to control rogue weaponry ranging from plutonium to land mines.

As president of the host nation, Mr. Clinton was the first of about 150 leaders of the United Nations' 185 member nations to address the General Assembly in a three-day session commemorating half a century of UN efforts to play a decisive role in ensuring the security and peace of the world.

It was the largest gathering of world leaders in history: kings, presidents and prime ministers joining together in a search to fulfill the dreams of the organization's founders.

The UN charter ratified 50 years ago Tuesday fostered ideals of international peace and security and economic progress for all peoples. But the anniversary is taking place against the backdrop of its greatest financial crisis, brought on by demands for peacekeeping operations in the former Yugoslavia, Somalia, Angola and elsewhere, as well as the failure of member states to pay their dues.

The opening day of the festivities also heard President Boris Yeltsin of Russia demand that the organization supersede regional security organizations, specifically the North Atlantic Treaty Organization in its role in Europe and the former Yugoslavia.

The Cuban leader, Fidel Castro, dressed in a sober blue suit instead of the combat fatigues he wore when he addressed the Assembly in 1960 as a victorious revolutionary leader, followed with an appeal for greater economic and political equality between rich and poor nations and a jab at "ruthless hockades that cost the deaths of men, women and children" — an allusion to the U.S. economic blockade of his country.

In a further contrast to his 1960 speech, which lasted four and a half hours, still a UN record for a government leader, Mr. Castro spoke for only seven minutes, the maximum allotted time so every nation can get its turn. Mr. Clinton ignored the rules and spoke for 17 minutes, but got a considerably less warm reception than the half-minute of vigorous applause accorded Mr. Castro.

One reason for this cool reception was that in the United States a vocal political lobby is agitating to curb the organization or to withdraw from it. The opposition is reflected in the fact that the United States is \$1.4 billion in arrears in its dues, especially for peacekeeping operations. That debt prompted the UN secretary-general, Boutros Boutros Ghali, to appeal in his speech to "give the United Nations a firm financial

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## Algerian Cancels Talks With Chirac

By Jonathan Randal  
Washington Post Service

PARIS — A meeting between Presidents Jacques Chirac of France and Liamine Zeroul of Algeria was called off abruptly Sunday in New York, further straining relations between Paris and its former North African colony.

The failed meeting underscored growing public concern about a three-month series of terrorist attacks in France by suspected Islamic fundamentalists opposed to French economic, financial, diplomatic and military support for Algeria's army-dominated regime in its civil war with religious extremists.

Mr. Chirac said the meeting was simply "postponed" because Mr. Zeroul insisted it "take place under the gaze of cameras and photographers" despite French efforts to limit publicity surrounding the tete-a-tete at the United Nations' 50th anniversary celebrations.

But official Algerian media said the meeting was "canceled" because of what Mr. Zeroul's spokesman, M'houb M'houbi, denounced as an "attack on the dignity and sovereignty of the Algerian people."

Observers suggested Mr. Zeroul would try to invoke wounded nationalism, traditionally a strong argument in Algeria where French colonialism is still resented 33 years after the country's independence.

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## Iraq's Leader Is Reining In His Wildly Errant Eldest Son

By John Lancaster  
and David B. Ottaway  
Washington Post Service

As the eldest son of the Iraqi president, Uday Hussein has killed and wounded with impunity.

According to witnesses and intelligence sources, his victims include his uncle, his father's butler and as many as six women. He has become a wealthy businessman whose negotiating tactics are said to be straight from the Mafia handbook.

But after years of fatherly indulgence toward his son, Saddam Hussein may finally be losing patience.

Distraught over the defection of two daughters and their husbands — including a senior aide — and angered by Uday's excesses, Mr. Saddam has begun to curb his family's influence in Iraqi politics, blunting what some say is a greater threat to his survival than the crippling trade embargo against his country.

According to Baghdad-based diplomats and sources in neighboring Jordan, Mr. Saddam has ordered sev-

eral of Uday's businesses closed and limited his official duties to little more than promotion for the Iraqi soccer team.

The shifts are the latest twist in a family saga that the Iraqi leader has compared to the biblical account of Cain and Abel. Politically, they are part of an apparent attempt by Mr. Saddam to broaden his base of support, filling key positions with respected outsiders and, last week, staging a referendum to endorse his leadership and install himself as president for seven more years.

Mr. Saddam's family troubles may continue to haunt him. U.S. officials warn of a continuing and potentially explosive rivalry between Uday and his younger and less mercurial brother, Qusay, who heads Mr. Saddam's main security apparatus.

But judging from a picture pieced together from sources in Baghdad, intelligence reports in Washington and Jordanian sources who follow their Iraqi neighbors closely, Mr. Saddam's maneuverings ap-

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## U.S. Investigates Shift of Jobs to China Moves by Boeing and McDonnell Anger Workers

Los Angeles Times

WASHINGTON — The Clinton administration is investigating charges that U.S. industrial competitiveness is being seriously undermined by the shift of aerospace production to China by McDonnell Douglas Corp. and Boeing Co. in exchange for airplane orders.

The threat posed by China's efforts to build a domestic aerospace industry and its impact on U.S. jobs are key issues in the three-week-old strike by the International Machinists Union against Boeing.

The government decided to act after a campaign by the union, which represents 34,000 production workers now on picket lines in Seattle, Portland, Oregon, and Wichita, Kansas.

The administration said Friday that it had established a multiagency task force to

study the matter. Participating are the U.S. trade representative, the Department of Commerce, the National Economic Council and the Department of Transportation.

Dianne Wildman, a spokeswoman for the trade representative, said the group would prepare a report that would be distributed to the cabinet secretaries and other top officials. She said there was no deadline for that report.

The group will be tackling what has become a troublesome issue as China's economic clout has grown.

China is already a major customer for McDonnell Douglas and Boeing products and is expected to buy an additional \$100 billion worth of airplanes by the year 2015.

The world's aerospace giants are currently engaged in a fierce competition for a

piece of a \$2 billion project by the Chinese government to build a 100-seat airplane.

In its letter to the U.S. trade representative, Mickey Kantor, the machinists union said the Chinese government's "blackmail" of U.S. corporations was costing the United States hundreds of thousands of jobs and the loss of key aerospace technology partly funded by the government.

The union asked the administration to threaten bilateral trade sanctions and reconsider government financing for U.S. aircraft sales as ways to put pressure on the Chinese to halt their negotiating strategy.

"This type of commercial and technological blackmail has occurred for years, but is now reaching a level to which the U.S. government must respond," said George Kourpias, the union president.

## A Year Later, U.S.-Korean Stalemate

By R. Jeffrey Smith  
Washington Post Service

WASHINGTON — A year after the United States and North Korea agreed on complex measures to ease a crisis over North Korea's nuclear program, the two nations are still debating how to carry out the deal and have not moved much closer to starting construction in the Communist nation of the new type of nuclear reactors that the pact foresaw.

Both nations heralded the deal signed on Oct. 21, 1994, in Geneva as a way to break down walls of hostility and distrust, but so far they have not achieved much warmer relations.

American officials say North Korea has also failed to fulfill a pledge it made then to open a new dialogue with South Korea, its neighbor and bitter enemy.

"The baby's healthy, but also prone to a lot of infections," a U.S. negotiator said of the accord.

Both sides are still "intensely at odds and suspicious" of each other's intentions, he added.

Last week, American officials hailed the accord for achieving what the United States saw as the deal's main goal: stopping in its tracks what they said was a North Korean drive to produce enough plutonium for a nuclear bomb within one year and as many as 30 bombs a year by the end of the

decade. All of the reactors and other facilities involved in the program remain idle.

"We think it has been, in terms of the objectives, a very good year," said Ambassador-at-Large Robert Gallucci, the chief U.S. negotiator.

He said that while the deal had not altered North Korea's status as a continuing "problem" or a "threat" to U.S. interests, it had improved security by removing the immediate threat of a worrisome new nuclear arsenal.

Though it has fallen far short of meeting a projected three-month timetable for com-

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## In China, Dreams Turn to Obsessions

By Seth Faison  
New York Times Service

CHANGLE, China — In this dusty town, where ramshackle wooden houses on one side of a main street seem to symbolize

the old China, and newly built apartment blocks on the other side suggest the availability of something better, the dream of going to America is more than just a dream.

It is an obsession. Transfixed by the packets of cash sent home by those who have already made the voyage, and willfully blind to the grave risks of putting their lives in the hands of smugglers, salesclerks and day laborers and doctors here all talk about *you du* or sneaking across, as though it were as natural as getting married or having a child.

"Everyone with a brain thinks about going," said Liu Wenshan, 56, an accountant who sent her son, a doctor, to Los Angeles recently to join her husband, who emigrated there illegally in 1988, and three other children. "We know about the danger. But after roughing it for a six or seven years, oh, everything is so much better."

The idea of getting to America seems so deeply embedded in the minds of people here that nothing deters them. Not even the

news that a wave of kidnapping in New York — where Chinese victims are singled out because smugglers figure their families in China borrowed more than \$30,000 for the initial price of passage and may be able to borrow again — killed a Changle resident in September.

Although illegal emigration is difficult to measure accurately, several thousand are making the trip each year by plane with forged documents, U.S. officials estimate. That is fewer than a few years ago, before the Golden Venture, a freighter laden with illegal Chinese immigrants, ran aground off New York's Long Island in June 1993 and 10 passengers drowned. The disaster prompted both Chinese and U.S. officials to make the wholesale shipping of immigrants more difficult.

Although people in poor areas all over China yearn to go overseas, the vast majority of illegal immigrants in recent years have come from just three rural counties

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## AGENDA



THE WINNER — Greg Maddux of the Braves pitching against the Indians in Game One of the World Series. The Braves won, 3-2, Page 21.

## Swiss Vote Shows Split Over EU

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France's Far Right on the March

EUROPE  
Espionage by Norway's Greens?

SPORTS  
Schumacher Takes F1 Title

Opinion Page 8. Crossword Page 21.  
Books Page 4. Sports Pages 20, 21.

ZURICH (Reuters) — The first computer projection of national results in Swiss parliamentary elections on Sunday showed strong gains on the left of the coalition government and added support for far-rightists in the cabinet.

Political analysts said the trend, spotted in early projections from leading cantons, strengthened divisions over if Switzerland should join the EU.

The forecast from the Swiss broadcasting network SRG, based on partial results, showed the pro-EU Social Democrats winning 12 new seats to hold 54 in the 200-member lower house of Parliament.

Newstand Prices	
Andorra.....10.00 FF	Luxembourg.....85 L Fr
Australia.....12.50 FF	Morocco.....14 Dh
Cameroon.....1,600 CFA	Qatar.....1,000 Riels
Egypt.....E.P. 5,000	Reunion.....12.50 FF
France.....10.00 FF	Saudi Arabia.....10.00 R.
Gabon.....1,100 CFA	Senegal.....1,100 CFA
Greece.....2,800 Lira	Turkey.....225 PTAS
Italy.....1,250 Lira	Turkey.....T.L. 65,000
Ivory Coast.....1,250 CFA	U.A.E.....10.00 Dirh
Jordan.....1,250 JD	U.S. Mail (Eur.).....\$1.20
Lebanon.....US\$ 1.50	

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'Tribune of the People' / National Front on the March

## France's Far Right Revels in Its Taste of Power

By Barry James  
International Herald Tribune

**T**OULON, France — After little more than 100 days in office, France's far-right National Front sees its control of the southern city of Toulon as a key in its swelling campaign to achieve power across the nation.

Toulon's new mayor, Jean-Marie Le Pen, says he believes his administration will help the movement by demonstrating "that we are not racist xenophobes in brown shirts and big boots."

In recent local elections across France, the National Front also captured control of two smaller southern cities, Orange and Marignane, and won sizable minorities in many other towns, including several in the traditional Communist belt north of Paris.

Overall, the party captured about 15 percent of the vote in France but managed nearly 40 percent in Toulon, which has a population of about 170,000 and is France's main naval base. The city has a substantial immigrant community and a large population of native French who moved back from North Africa.

"It has taken over the former role of the Communist Party as a kind of tribune of the people," said Marc Bayle, a member of the Regional Council in Toulon who has set up a watchdog group to protect civil liberties. "Its aim now is to be considered as a great and respectable party. And I'm worried. This is a party in full expansion."

In seeking to reach out to a broader slice of the electorate, however, the Front has much image-building still to do. It will be a long time before many people forget the pun seven years ago by Jean-Marie Le Pen, the party leader, that suggested that a Jewish government minister should be cremated.

"What's one little word among so many?" said Jean-Pierre Liparot, an aide to the Toulon mayor, in explaining the gaffe. "You are too hard on him. Jean-Marie is a tribune of the people, an orator. You cannot reduce the man to a word or a phrase."

**O**VERTLY racist language is illegal in France, and in any case the attitude jibes with the National Front's new image. So the party intends to hold a rally in the southern city of Carpentras next month, bringing supporters in chartered trains from all over the country, to demonstrate to the nation that it is not as anti-Semitic as past statements suggest.

Calling itself a haven for the disaffected, the National Front has changed its slogan to "Neither Right, nor Left but French" and adopted a policy of "national preference," or "the French first." That means putting citizens first in line for jobs, housing and benefits, which has broad appeal at a time of high unemployment and insecurity.

Mr. Le Pen has warned party militants to avoid indulging in "political folklore" — like giving the fascist salute at meetings — and has replaced the skinheads at National Front rallies with bouncers in smart blue blazers.

"We want our image to correspond to the reality," Mr. Le Pen said. "The reality is that my municipal council contains two admirals, several senior officers, former Algeria residents and young people. There are no skinheads."



Jean-Marie Le Pen, the leader of the rightist National Front, addressing a rally of his supporters in Paris in September.

Polls, meanwhile, show that a large part of the population supports Mr. Le Pen's attack on "immigration" — a code word for North African. A wave of terrorist bombings in France — including another recent attack on an underground train — has been blamed by the authorities on Algerian fundamentalists, and fits in neatly with Mr. Le Pen's warnings about the rise of "Islamic hoodlums" and his call for the restoration of the death penalty.

By exploiting anti-foreigner prejudices subliminally, the party avoids the need for overtly racist language, Mr. Bayle said, while creating an image of the white race under threat by outside forces.

The party insists that reason, not racism, is at the root of its anti-immigration stand. Mr. Le Pen, who has a reassuring kind of Rotary Club image of a provincial notable, explained: "The charge they always make against the National Front is that we are racists. But we are not. Simply, we fear that we are allowing too many poor immigrants to enter. We do not have the means in France to feed all our children, or to give work to everyone. Therefore, I think it is necessary to have a national preference."

Mr. Le Pen said France is under threat from fundamentalism and the "conquering demography" of Muslims. "We fear that they will settle in our towns and create little Bosnia and bring religious conflict into the heart of our country."

When asked about North Africans with French passports, he replied: "Of course, they are French — new French, but what do you want? Everyone has to start somewhere."

If immigrants, who suffer more than most from unemployment and squalid housing, are

blamed for taking jobs and homes from the French, the Front holds the European Union responsible for destroying the country's industry and agriculture in the interests of competition.

Mr. Le Pen said France wants to be left alone with its own identity, money and laws. At the same time, he and other National Front members use their seats in the European Parliament to weave alliances with like-minded parties elsewhere in Europe, such as the neo-fascists in Italy or the Flemish Bloc in Belgium.

**B**UT THE FRONT took a jolt this weekend when the national commission on campaign financing rejected Mr. Le Pen's campaign accounts on the grounds they were improperly presented. Indicating he would appeal, the mayor said that the commission would be overruled by "those who make the law."

The rejection, if upheld, held the real risk of Mr. Le Pen's election being annulled, which would entail either new elections or his replacement by someone else on the National Front list, legal experts said.

In Toulon, the National Front is charged by its critics with accomplishing nothing more than planting a few flowers in front of the town hall, and practicing the very kind of patronage for which it condemned the previous administration. What counts, Mr. Bayle said, is not deeds but the symbols and gestures that send a message to the rest of the country.

"The view is that the less they do and the more they say, the more likelihood they have of getting people into the National Assembly," he said.

On one overriding issue, the city's 20 percent unemployment rate, the National Front seems to have no remedy other than to remind people that immigrants make up 20 percent of the population.

"Their idea is to incite little by little the idea that the Muslims are the enemy," Mr. Bayle said.

The National Front in Toulon was thrown into disarray a few weeks ago by the death of Mr. Le Pen's right-hand man, Jean-Claude Poulet-Dachary, who fell or was pushed into a stairwell. Colleagues said Mr. Poulet-Dachary had received death threats, and the police are treating the killing as a murder.

Mr. Poulet-Dachary was the Front's chief strategist in Toulon. He once was a seminarian in the Catholic fundamentalist movement of Bishop Marcel Lefebvre and a Foreign Legionnaire. But an internal report warned that his after-hours frequentation of gay bars, where he was known as "Gloria," and his public ostentation of the Nazi salute risked bringing the National Front into disrepute.

Asked if he had an idea about a motive for murder, Mr. Le Pen said: "There are those who in attacking my direct collaborator thought they could touch me. They are trying to weaken me. But I shall not be deflected from my aim of giving the people of Toulon a better life."

## COMING UP

As the United Nations celebrates its 50th anniversary, there is an almost universal sense that it is overstretched and still in search of missions and without clear priorities in the post-Cold War world.

Israelis Break A Code of Silence  
Interrogation Practices Get a Rare Public AiringBy Barton Gellman  
Washington Post Service

**JERUSALEM** — One Wednesday afternoon in August, the chief of Israel's Shin Bet security service held a rare news conference and made a still rarer confession of failure.

Four days earlier, he said, his agents had arrested a suspected terrorist. The man, it turned out, had built a bomb and planned an attack by a confederate on a Jerusalem bus. But interrogators did not discover the plot in time, and five passengers died in the Aug. 21 explosion.

The Shin Bet, its chief said, missed a chance to save lives because it had been barred from using suitably "extreme forms of interrogation."

He blamed Attorney General Michael Ben Yair for tying his hands. Mr. Ben Yair was so angry that he broke a long-standing taboo. He became the first senior government official in memory to use the word "torture" in the context of Israel's treatment of Arab prisoners, and he spoke graphically about a method known as "whiplashing" or "shaking."

He spoke of violence in the interrogation cells, and brain damage, and even death. He disclosed nothing not well-documented by human rights organizations, several of which have long accused Israel of torture, but the words were revolutionary for a man in his position.

His conclusion was far less so, though equally revealing of the broad Israeli consensus that the war on terror cannot be pretty. The shaking method should be permitted, Mr. Ben Yair said, but not routinely.

"We will not open torture chambers to replace intelligence," the attorney general told the legal journal Ha Lishka in an interview last month. "What do we need interrogators for? We can bring in big-bodied inquisitors to serve as torturers, and we won't need interrogators."

The attorney general and the Shin Bet chief were speaking of a technique known in Hebrew as titlulin. A Scottish pathologist, Derrick Pounder, who proved that the technique killed a detainee last spring, described it thus: The prisoner is bound and then "gripped either by the

clothing or around the shoulders and shaken with extreme violence." It results in great spinal pain, unconsciousness and, in some cases, brain injuries.

The interrogation death of the detainee Abdel Zamed Harizat in April, Mr. Ben Yair told the law journal, "shook all of us in the Justice Ministry and me personally." "We saw a demonstration on videotape of the shaking, and it was completely different than what is written in the regulations. I discovered that this is emphatically a physical method, and the fact is that it caused a man's death."

"We didn't know what shaking was," Mr. Ben Yair said, referring to the ministerial committee that is supposed to supervise the Shin Bet. "We thought it was a slight rocking. The damage that could be caused by shaking is not only death. The victim can also suffer brain damage. I am not ready to see every black-bearded Palestinian youngster who is detained for interrogation end up with brain damage."

Shin Bet officials reacted with outrage and denied the accusations. "It is impossible to descend to the level of speech of those who can call Shin Bet interrogators inquisition goons."

In 1991, Israel signed the 1984 United Nations Convention Against Torture, which forbids "any act by which severe pain or suffering, whether physical or mental, is intentionally inflicted on a person." The convention states that "no exceptional circumstances whatever, whether a state of war or a threat of war, internal political instability or any other public emergency, may be invoked as a justification of torture."

Maryam Elahi of Amnesty International said Israel is about to make things worse in a new law governing operation of the Shin Bet. The draft legislation, scheduled for a parliamentary vote next month, bans the infliction of severe pain or suffering "except for pain or suffering inherent in interrogation procedures or punishment according to law."

That exception, she said, is incompatible with the international convention and effectively swallows the whole rule.

## TRAVEL UPDATE

## Germans Hit the Road the Most

**CAIRO (AFP)** — Germans travel the most, the Japanese abroad are the biggest spenders and the United States cashes the most tourist dollars, the World Tourism Organization said Sunday.

Germans embarked on more than 77 million foreign trips in 1994, followed by the Americans with 44.3 million and the British with 38.8 million.

Japanese led the list of big spenders with an average \$2,261 a trip, followed by Australians with \$1,843 and the Norwegians and South Koreans with an average of \$1,660. The most thrifty are the Spanish, \$350; the Mexicans, \$454; and the British, who parted with only \$470 each time they traveled to foreign climes.

## British and Irish Get 1-Hour Break

**LONDON (Reuters)** — People throughout Britain and Ireland got an hour longer in bed on Sunday.

British Summer Time ended at 2 A.M., when clocks in the two countries went back one hour, making local time the same as Greenwich Mean Time until March 31 next year.

About 40 motorists were arrested Saturday when protesters from all over Scotland joined Skye residents in refusing to pay the toll on a new bridge linking the island to the mainland. "The tolls are virtual robbery," a protester said.

More than 300 archeological finds have gone on display in the ruins of a church in the war-wrecked city center of Beirut, the rewards of three years of excavation.

The tourism industry is expected to grow four times faster in the Middle East than in the rest of the world because of the region's peace process, the head of the World Travel and Tourism Council said.

Spending on tourist attractions in Britain rose 5 percent in 1994 to top £1 billion pounds (\$1.57 billion) for the first time, the English Tourist Board said.

## A Rocky Takeoff for Denver's Grand New Airport

By James Brooke  
New York Times Service

**DENVER** — Under a billowing white roof, Denver International Airport bloomed this spring into an instant city — the largest human concentration in the vast wheat fields stretching between Denver and Topeka, Kansas.

But despite a beehive of jet activity, the takeoff has been bumpy for the \$4.9 billion airport, one of the last great public-works projects in the country.

Contradicting wishful thinking by politicians and reams of forecasts by computers, passenger traffic is down, fares are up and noise complaints abound.

With only a handful of foreign flights, Denver's airport is international in name only.

But, fulfilling forecasts, flight delays are sharply down, real estate development is booming and the sunny new terminal is serving as a dramatic foyer for visitors to the Rockies.

Eight months after its opening, debate rages over whether the new airport is a Taj Mahal on the high plains or a pragmatic anchor for Rocky Mountain development.

This week, with early-bird skiers schussing the Colorado slopes, the airport authorities are bracing for national scrutiny as millions of vacationers pre-

pare to converge here in coming months.

Will, as advertised, three jets be able to land simultaneously during snowstorms? Will the computerized baggage system be able to sort and deliver 2,000 pairs of ski on an hour?

"DIA is the standard that future airports will be judged by," said Curtis W. Faustness, the main terminal's lead architect. "The day it opened, it was a hindering snowstorm, and our plane just took off. They were launching them like crazy. At the old airport, I would have spent two or three hours on the ground."

But, despite the reams of computer-generated studies and plans, the airport is throwing

curve balls. First, it is handling fewer passengers than Stapleton, its dowdy downtown predecessor.

With passenger traffic running about 7 percent below last year's level, 1 million fewer people are expected to fly into Denver this year than last year.

Airport officials blame Continental Airlines, which had used Stapleton as a flight hub. After promising to use the new airport as a hub, Continental became embroiled in a fare war with United Airlines, cutting its daily flights here to 13 today from 24 in 1987. Through the end of August, Continental had carried 2.2 million fewer people to Denver than in the same period last year.

United Airlines, using Denver as a Western hub, now holds 65 percent of Denver's airline-passenger market. With United monopolizing many routes, fares have soared.

In the past, the airport was sold to Denver voters as a major international hub. Today, the nation's sixth busiest airport is one of its most provincial.

Aside from a lone flight to Amsterdam and flights to three Mexican cities, more than 99 percent of Denver's traffic is domestic. Easing this isolation next week, Air Canada is to inaugurate daily service to Calgary, Toronto and Vancouver.

To the relief of ski-season travelers, the problem of snow delays appears to have been mastered. With runways spaced wide enough apart to allow simultaneous landings, three jets landed at the same time during a snowstorm on the opening day.

Since then, the airport's performance has erased Denver's image as a city notorious for flight delays. According to the Federal Aviation Administration, the airport had 1,030 delays of more than 15 minutes in its first six months of operation. In the same period last year, Stapleton had 5,550 delays.

## Chilean General Finally Goes to Jail

Los Angeles Times Service

**SANTIAGO** — Retired General Manuel Contreras, the hardline chief of secret police in the 1970s, is finally behind bars. Officials said his imprisonment, after months of delays and political tension, shows the Chilean Army's subordination to democratic civilian rule.

General Contreras was convicted of ordering the 1976 as-

sassination of Orlando Letelier, a Chilean Socialist who was killed by a car bomb in Washington. Chile's Supreme Court confirmed a seven-year prison sentence in late May, but General Contreras's legal appeals and his hospitalization for four months kept him out of jail until Saturday.

Under heavy security on Saturday, a convoy of vehicles

took General Contreras into the new Punta de Peuco prison north of Santiago.

"With this, a chapter is closed," President Eduardo Frei said.

General Augusto Pinochet, the former president and still military commander, called the Contreras trial "unjust" but said the army would respect the sentence.

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Antigua (landed phone)	80	Cyprus	083-900-011	Israel	077-103-0237	Korea	800-9467
Antigua (pay phone)	1-800-266-4663	Czech Republic	0043-087-187	Italy	072-3877	Laos	115
Argentina	001-800-777-1111	Dominican	800-3-0877	Jamaica	873	Latvia	176
Armenia	8-10-153	Dominican Republic	1166-877	Jamaica (airports/docks)	5	Lebanon	105-01
Australia (phone)	1-800-551-10	Ecuador	999-171	Jamaica (all other)	1-800-877-8000	Lesotho	105-01
Australia (mobile)	1-800-481-877	Egypt	354-0777	Japan	004-533-477	Lithuania	105-01
Austria	022-903-814	El Salvador	191	Japan (DVI)	003-121	Luxembourg	105-01
Belarus	1-800-389-2111	Finland	004-590-100-3	Kazakhstan	008-0115	Madagascar	105-01
Belgium	800-777	France	9820-1-0284	Kazakhstan (all other)	008-0115	Malawi	105-01
Belize	1-800-877-8000	Germany	39-0667	Kazakhstan (all other)	008-0115	Malaysia	800-0114
Bolivia	0020-1001	Ghana	013-20013	Kazakhstan (all other)	008-0115	Mexico	95-800-877-8000
Brazil	1-800-423-0877	Greece	008-051-411	Kazakhstan (all other)	008-0115	Moldova	105-01
Bulgaria	0800-3333	Guatemala	950-1566	Kazakhstan (all other)	008-0115	Monaco	000-0115
Cameroon	000-8016	Honduras	105	Kazakhstan (all other)	008-0115	Morocco	800-0114
Canada	1-800-877-8000	Hong Kong	800-1677	Kazakhstan (all other)	008-0115	Mozambique	95-800-877-8000
Cayman Islands	004-0010	Hungary	011	Kazakhstan (all other)	008-0115	Nicaragua	004-0010
Chile	1-800-366-4663	India	004-0010	Kazakhstan (all other)	008-0115	Niger	004-0010
China	004-0010	Indonesia	004-0010	Kazakhstan (all other)	008-0115	Nigeria	004-0010
Colombia	004-0010	Indonesia (all other)	004-0010	Kazakhstan (all other)	008-0115	Romania	004-0010
Costa Rica	004-0010	Indonesia (all other)	004-0010	Kazakhstan (all other)	008-0115	Russia	004-0010

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## THE AMERICAS

## Clinton's Top Political Strategist Used to Ridicule Him

By Richard L. Berke  
New York Times Service

WASHINGTON — If Republicans are looking for a guide to explain how to defeat President Bill Clinton next year, they need look no further than the president's chief political strategist, Dick Morris.

Republican politicians and campaign strategists who have worked closely with Mr. Morris in campaigns around the country recounted in interviews that only months before he emerged as a prominent player in the White House, Mr. Morris openly and forcefully ridiculed Mr. Clinton's personal conduct and policy stands — and advised his clients about how to seize on the president's vulnerabilities for their own campaigns.

It is widely known that Mr. Morris has had a long and sometimes tense relationship with Mr. Clinton, beginning with his first gubernatorial campaign in Arkansas in 1978, and that Mr. Morris has since divided his loyalties between

Democrats and Republicans. But the extent of Mr. Morris's criticism of Mr. Clinton has never before been documented.

In a speech he proposed for a Republican candidate running last year, for example, Mr. Morris wrote that Mr. Clinton's military budget cuts "make our military a joke," that his economic stimulus package "funds Alpine slides in Puerto Rico and warming butts for swimming pools in Connecticut" and that Americans "don't want gays in the military."

Brian Ballard, campaign manager for Jim Smith, who was Florida secretary of state when he ran in the Republican primary for governor in 1994, said that Mr. Morris had urged him to contrast his candidate's experience as a prosecutor with the ethics controversies swirling around Mr. Clinton.

"He said, 'Let's use the Bill Clinton analogy,'" recalled Mr. Ballard, a chief of staff to former Governor Bob Martinez. "He really thought Whitewater was going to be an issue that sucked the president up. He said all the happenings of the

Rose law firm were going to destroy Bill Clinton's presidency. He said he knew some things going on that weren't out yet. When I heard he was working for Bill Clinton, I was shocked."

The thrust of Mr. Ballard's recollections was corroborated by 10 other people, most of whom speaking on the condition that they not be identified. They also described conversations with Mr. Morris in which he criticized Mr. Clinton, often for his personal conduct.

Mr. Morris may even have had a favorite candidate for president in 1996 — and it was not Mr. Clinton. Whatever the motive, Mr. Morris' advice to these candidates raises questions about the allegiance of the man whom Mr. Clinton has turned to for advice on how to respond to the Republicans in Congress and how to plan his reelection. It also raises questions about Mr. Clinton's judgment in relying so heavily on an adviser who has repeatedly ridiculed him.

In an interview, Mr. Morris insisted that he had never traded on inside information about the Mr. and Mrs. Clinton or made disparaging com-

ments about their ethical behavior. "I never questioned President Clinton's ethics and never urged anyone to run against him in any election," Mr. Morris said. "On the contrary, I have specifically refused on several occasions to become involved in campaigns against Clinton because of my loyalty and respect for him."

The White House press secretary Michael McCurry said that Mr. Morris was a valuable adviser to the president.

"The up and down relationship of Bill Clinton and Dick Morris has been well chronicled," he said. "But there is no question that Mr. Morris helps the president advance the argument the president is making to the country about his policies."

Asked if the White House was troubled by Mr. Morris's past comments about Mr. Clinton, McCurry said, "I can't honestly say whether that will be of concern to the president. The president prefers an environment where there is a free give-and-take, but he prefers that occur privately."

## POLITICAL NOTES

## Western Republicans Confident

LAS VEGAS — Western Republicans are still haunted by the memory of 1992, when Bill Clinton ran better in their region than any Democrat since Lyndon B. Johnson in 1964. With a big assist from Ross Perot, an independent, Mr. Clinton carried not only the coastal states of California, Washington and Oregon, but more surprisingly, the interior states of New Mexico, Montana, Nevada and Colorado.

Meeting here this weekend, several hundred activists attending a western states Republican leadership conference were determined, and confident, it will not happen again. Almost anyone they nominate next summer, they predicted, will fare better than Mr. Clinton in a region rebellious over the administration's attempts to impose stricter environmental controls on the miners, loggers and ranchers who depend on the West's huge tracts of federal land.

"The only chance Bill Clinton has to carry any of this area of the country is if there's a third-party candidate and he can slip in the back door again," said the Republican National Committee chairman, Haley Barbour.

The Republicans are buoyed by the results of the midterm elections last year, when they captured three governorships, a Senate seat, 17 House seats and six new state legislative chambers. (WP)

## Louisiana Conservative Wins

NEW ORLEANS — Mike Foster, a little-known legislator until he switched to the Republican Party last month and launched an advertising blitz preaching conservatism, finished first in Louisiana's primary for governor Saturday and will face Representative Cleo Fields, a Democrat, in a Nov. 18 runoff.

"I thought that if I could just get that message of common-sense government across, the voters would consider me," said Mr. Foster, a self-made millionaire who was endorsed by the former leader of the Ku Klux Klan, David Duke.

Mr. Fields, the only unabashed liberal in Louisiana's open primary, in which all candidates run on one ballot regardless of party, is seeking to become the first black governor in Louisiana since Reconstruction. Of the state's 2.3 million voters, about a third are black.

"I am tired of hearing that a black can't win," Mr. Fields said early in the campaign. "I want to prove that this state can rise above race." (AP)

## Perot Progresses in California

LOS ANGELES — Ross Perot and grass-roots organizers for his new political party say they are well on their way to successfully meeting Tuesday's deadline for signing up enough voters to put the party on the 1996 presidential ballot in California, the nation's richest trove of electoral votes.

As of Friday night, more than 66,000 of the required 89,007 voters had agreed to join the new party and their names had been forwarded to state election officials, the organizers here reported Saturday morning.

Mr. Perot, in a television interview from Dallas that was broadcast Sunday in California, boasted that, with hardly any exception, the sign-up process was "going fine" in the state. (NYT)

## Quote/Unquote:

President Bill Clinton, on baseball and the influence of its heroes: "All these inspire countless young people to play the game, and those of us who are older to make the most of the talents God has given us, no matter what kind of work we do." (AP)

## In Canada, New Life For Left's Old Party?

By Charles Trueheart  
Washington Post Service

OTTAWA — When Canada's venerable leftist party of conscience elected a new, national leader over the weekend, delegates chose the distinct underdog in the race.

That is a fitting and even generous image for the predicament of the New Democratic Party, intermittently an influential standard-bearer of Canadian social democracy. As voters across Canada endorse Newt Gingrich-style budget cutting, the more common terms used to describe the party these days are dinosaur or corpse.

The job of resuscitating the party has fallen on Alexa McDonough, 51, a leader of the tiny Nova Scotia New Democrats for 14 years. In victory, she struck a combative note.

"We have a federal government that is basically dismantling its commitment to some of the things that matter most to people's lives," she said. "The fight of our lives is to turn this country around."

She predicted "tough sloggish and patient persuasion" to offer a clear alternative to the new conservative leaders on the Canadian scene — not just avowed conservatives, she told her party's convention, but the one in sheep's clothing, the governing Liberal Party.

The New Democrats, the social democratic alternative, are a fixture of Canadian political debate. "The NDP embodies the kinder, gentler thing that makes Canada a little different from the United States," said the historian and longtime New Democrat Desmond Morton.

"It favors things that Americans on the whole have not favored but which Americans sometimes envy," he said.

The party, a 1961 marriage of agrarian socialists and labor



CANADA SPLIT? — Posters in Montreal promoting both sides of the Oct. 30 referendum on whether to create an independent Quebec or remain part of Canada.

unions, originated many elements of Canada's extensive social-safety net, including its universal health-care system, later adopted by mainstream Liberal governments.

But lately, the conservative columnist Andrew Coyne wrote recently, "The Left has managed to maneuver itself into being the voice of high taxes, high debts and high inflation, out to mentio decrepit state monopolies, absurd union privileges and a fundamental hostility to the market economy."

The fall of the socialists in Canada in the post-Cold War period has been swift and steep. Only four years ago, the New Democrats seemed to be defying the global current away from state socialism. They had

grown to the party's modern apex, with 45 members in the House of Commons, a sixth of the chamber's membership.

As a muscular conscience for unionized workers, farmers and the marginalized, the New Democratic Party also was governing Canadian provinces beyond its founding base in rural Saskatchewan. In 1991, it took power in British Columbia and Ontario.

The party inherited by Ms. McDonough, a former social worker and daughter of a once-prominent socialist, presides over a vastly different political landscape.

It plummeted to only nine parliamentary seats in the 1993 national election, too few for official party status.

## Pentagon Reviews Bidding Changes Key Affirmative Action Rule

By Ann Devroy  
Washington Post Service

WASHINGTON — The Defense Department will announce this week that it is suspending a major contracting rule that last year resulted in \$1 billion in federal business for minority companies, according to senior officials at the White House and the Justice Department.

It is the first significant action from the Clinton administration's legal review of affirmative action programs.

The Pentagon plans to announce on Monday or Tuesday that it will stop using its "rule of two," which since 1987 has been applied to all Defense Department contracting business, officials said.

Under the rule, if at least two qualified small, "disadvantaged" businesses express interest in bidding for a contract, only disadvantaged businesses can compete for it. Virtually all companies certified as small, disadvantaged businesses are minority-owned, officials said.

Justice Department and civil rights lawyers have said the "rule of two" became vulnerable as a result of a Supreme Court ruling last summer that required strict legal scrutiny and strong justifications for programs that base contract

awards on race or ethnicity. Officials called the "rule of two" the most vulnerable of the affirmative action programs under the Adarand v. Peña ruling, and said minority firms still retained some advantages in bidding for government work under other programs that remain in effect.

After the Adarand decision, and in the face of significant threats from Republicans to use the racially charged issue of affirmative action against the Democrats, President Bill Clinton began a review of affirmative action programs.

The review concluded that the programs are needed to redress past discrimination, but said they had to comply with the Supreme Court ruling that said affirmative action rules must be narrowly defined and respond to specific grievances.

A separate Justice Department legal review was begun in July to determine which programs might be outlawed by the Supreme Court and how they could be revamped.

The first action under the Justice Department effort is being described as a "fairly big step" by contractors and administration officials. The Congressional Black Caucus, civil rights groups and those representing minority and non-minority government contractors

have been briefed in recent days by White House or Justice Department officials.

The "rule of two" is not a federal program per se, but an administrative rule to put into effect a federal law on setting aside some government business for minority companies.

But the Pentagon rule is responsible for a large portion of the government business that goes to minority companies, according to the Justice Department. Although the National Aeronautics and Space Administration and the Labor Department have their "rule of two," neither is using it and only the Pentagon is suspending the rule, officials said.

Overall, fewer than 10 percent of government contracts go to minority companies.

A senior administration official said that whether Mr. Clinton wanted to keep the rule or not, officials had little choice.

"Justice just could not defend the program because no lawyer there thinks it is defensible under Adarand," the official said.

A Justice Department official said with the rule suspended, minority firms would retain some advantages under other affirmative action programs that are not affected by the policy review.

## Away From Politics

• A problem tape recorder aboard the Jupiter-bound spacecraft Galileo responded to commands by NASA engineers, a good sign for scientists relying on it for the rendezvous with the planet.

The recorder aboard the orbiter is the only link between scientists and a space probe which is due to descend into Jupiter's atmosphere sometime during Dec. 7.

• A Norristown, Pennsylvania, woman who pulled a gun from her bathrobe and killed a 17-year-old who had tossed eggs at her was acquitted of murder.

Jurors also failed to reach a verdict on lesser charges, saying they could not agree on whether the woman, Anjanette Williamson, 27, had shot Desmond Hayes in self-defense. (AP)

• After an investigation of charges of sexual discrimination made by Major Jacqueline Parker, who is the first female fighter pilot in the Air National Guard, two of her former commanding officers at the 174th Tactical Fighter Wing, based in Syracuse, New York, have been relieved of duty, a spokesman for the National Guard reported. (NYT)

• A gas explosion ripped through several apartments on the top floor of a Brooklyn housing complex, injuring 20 people in a blast that officials said might have stemmed from a quarrel between a tenant and a man who had been temporarily living in his apartment, officials said. (NYT)

## Security Is Tightened at Prisons

By David Johnston  
New York Times Service

WASHINGTON — The federal authorities confined thousands of inmates to their cells at the country's 70 low-, medium- and high-security penal institutions after prisoner uprisings at four institutions in different states left dozens of inmates and staff members hurt and caused millions of dollars in property damage, U.S. government officials said.

The uprisings at institutions in Alabama, Illinois, Pennsylvania and Tennessee were the most extensive in the federal system in years. Inmates set fire to mattresses, broke windows, threw chairs and hurled baseball bats in outbursts that seemed to ignite spontaneously at each of the four institutions.

Law enforcement officials said Saturday they had not found evidence that the disturbances were planned or coordinated, but they also said some inmates might have been inspired by news reports about incidents at other institutions.

Administration officials said that the latest violence appeared to be linked to the 332-to-83 vote in the House on Wednesday night rejecting a proposal by the Federal Sentencing Commission to erase the 100-to-1 sentencing disparity between possession of cocaine powder and crack cocaine.

In a statement, the Bureau of Prisons said that on Friday night it ordered tighter security at all but its 14 minimum-security institutions. The order means that prisoners would be confined under guard.

The prison authorities said they had restored order at the four institutions and that no one had been killed or had escaped. But the officials appeared to be guarding for the possibility of further unrest and said the harsh security would remain in effect for an indefinite period.

Administration officials said the debate and vote on the disparity of sentences for the possession of cocaine in powder and crack forms had ratcheted up tensions in the prison, even though it would not have affected the sentences of inmates at the prisons.

If the House had not overturned the sentencing commission's recommendation, the two forms of cocaine possession would have received equal sentences beginning on Wednesday.

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## ASIA

## 66 Killed In Tamil Attack on Civilians

Compiled by Our Staff From Dispatches  
COLOMBO — Tamil rebels have carried out their deadliest attack on civilians in years, killing at least 66 people in an apparent attempt to distract the Sri Lankan Army as it presses a major offensive on guerrilla strongholds.

The attack Saturday came just a day after the rebels blew up storage tanks at the country's two main oil depots.

Military officials say the rebels attacked three villages in northeastern Sri Lanka. The victims were from the majority Sinhalese group, whom the Tamils claim discriminate against them.

A military spokesman, Major Tilak Dissanayake, said the attack was an attempt to divert the military from its offensive in the north, now in its fifth day.

More than 35,000 troops are pushing toward Jaffna Peninsula, a rebel stronghold 295 kilometers (185 miles) north of Colombo. The military said at least 93 soldiers and 257 rebels have been killed, including four soldiers and 106 rebels killed in a battle Saturday.

There was no independent confirmation since all communication links to the north have broken down because of the fighting.

The military said the battle occurred near Achcheli village and involved government tanks, warplanes and gunboats.

A military spokesman, Sarath Munasinghe, said the military was retaliating to stepped-up rebel attacks with its largest-ever offensive in the northern Jaffna Peninsula, the capital of the Liberation Tigers of Tamil Eelam.

He said the army advance on Jaffna, the symbol of Tamil separatism, was unstoppable and the fall of the town imminent.

On Friday, rebels blew up storage tanks at the country's two main oil depots in Colombo, the capital. Twenty-six people died in fighting at the depots on Friday, and gun battles continued Saturday, killing three civilians in the cross fire.

More than \$30 million worth of diesel, petrol, kerosene and aviation fuel went up in flames in the attack Friday on the Kolonnawa and Orugodawatte oil reserves, an official of the Energy Ministry said. He said the government hoped to resume the supply of aviation fuel to foreign airlines soon.

Residents stocked up on kerosene and long lines remained Sunday outside filling stations amid fears of fuel shortages.

The government said two rebels had been arrested and that two had surrendered. Authorities imposed a dusk-to-dawn curfew in Colombo on Saturday to prevent mobs of Sinhalese from looting shops and houses of Tamils.

Black plumes of smoke rose from the depots as firefighters struggled to contain the blaze, which sent thousands of people fleeing in panic. (AP, AFP)



Two Afghans in front of a house that was destroyed when a plane flew over Kabul and dropped two bombs. It was not clear who carried out the attack.

## Rebel Rockets Kill 11 in Market in Afghan Capital

Compiled by Our Staff From Dispatches  
KABUL, Afghanistan — Rebels have fired three rockets into the Afghan capital, killing 11 people in a crowded marketplace and wounding 16 others, the Defense Ministry said.

The attack Saturday came as the UN envoy to Afghanistan, Mahmood Mestiri, made a new effort to broker a cease-fire around the besieged city.

One rocket landed in front of a restaurant at a busy market, sending hundreds of people scattering for shelter. The other rockets landed near a hospital.

"We were lucky," Dr. Abdul Bashir said. "We cleared this ward two days ago for repairs and there were no patients."

Outside the building, shards of glass and twisted metal littered the road.

The rocket attack was attributed to the Taleban, a group of former Islamic students who have vowed to topple the Afghan government and impose Islamic rule.

On Sunday, two bombs struck the Afghan capital, wounding six people, destroying a home and narrowly missing a school packed with young children.

It was unclear who was responsible for the bombing.

Taleban fighters recently marched to within three miles of the city, putting them close enough to rocket government positions around the capital.

One of the rockets Saturday landed a half-mile from Kabul's Presidential Palace, where earlier in the day Mr. Mestiri met with government leaders.

Mr. Mestiri arrived Saturday in a new effort to bring together Afghanistan's warring factions. He is trying to broker a 10-day cease-fire in and around Kabul

so that he can hold peace talks.

Taleban commanders have called Mr. Mestiri's mission futile, but the envoy said the opposition faction had agreed in principle to the truce.

Earlier this year Mr. Mestiri's efforts to halt the fighting collapsed when President Burhanuddin Rabbani refused to step down as stipulated by the UN.

The Taleban have been building their forces since then and holding talks with anti-Rabbani groups to organize a coordinated offensive on Kabul from every direction. (AP, Reuters)

## Japanese Finance Chief Gets Murayama's Nod

Reuters  
TOKYO — Finance Minister Masayoshi Takemura emerged Sunday as strong favorite to lead a new liberal party that is being created through a merger of his party and Prime Minister Tomiichi Murayama's Socialists.

The newspaper Mainichi Shimbun reported that Mr. Murayama had told Mr. Takemura at a secret meeting a week ago that he did not want to lead the new party — which could be formed by next month.

Mr. Takemura's small Sakigake party and Mr. Murayama's Socialists govern in coalition with the long-ruling Liberal Democratic Party, by far the biggest member of the alliance.

At a party convention last month, the Socialists decided to disband and regroup as a new liberal party in an attempt to win back voter support, which has eroded steadily since Mr. Murayama formed the governing coalition 16 months ago.

If the merger succeeds, Japan's political landscape would be dominated by two conservative parties — the Liberal Democrats and the main opposition New Frontier Party — and by the new liberal group.

Mr. Murayama, who is attending the United Nations' 50th anniversary celebrations, indicated in New York on Sunday that he favored Mr. Takemura as leader of the new group.

"He could make a good party leader," Mr. Murayama said to reporters. "I think he is a strong candidate."

## U.S. Rules Out Leaving Okinawa Despite Protest, Perry Confirms That Troops Will Stay

Compiled by Our Staff From Dispatches  
WASHINGTON — Despite a demonstration by tens of thousands of Okinawans demanding that the United States remove its bases from the island, Defense Secretary William J. Perry said Sunday that Washington had no plans to remove its bases or troops.

"Both the United States and Japan will want to keep military forces there," Mr. Perry said in an interview with NBC television.

Up to 80,000 Okinawans, many more than expected, chanted slogans Saturday such as "Yankee Go Home" in the biggest-ever protest against U.S. bases on the battle-scarred Japanese island.

The police counted about 38,000 people, but organizers asserted that more than 80,000 people took part.

The protest, sparked by the

alleged rape by three U.S. servicemen of a 12-year-old schoolgirl, tapped into resentment at the subtropical island's role as the main base for American troops in Japan.

It was staged at a time of increasing tension between the world's two most powerful economies, which are embroiled in disputes about a trade war and economic spying.

But in Washington, Mr. Perry said that while the United States "deplores" the rape, the presence of U.S. forces enhances the long-term interests of both countries.

The defense secretary, set to travel to Japan next week for what he described as a regularly scheduled meeting, said he would entertain any request from Japan, but expected both countries to continue their security relationship.

At the huge demonstration

## Thousands in Japan Mourn Family Believed Killed by Cult

YOKOHAMA, Japan — More than 11,000 mourners filled an arena on Sunday for the funeral of a family believed to have been killed by the cult blamed for the nerve gas attack on a Tokyo subway.

Another 15,000 people lined nearby streets to pray and lay flowers for Tsutsumi Sakamoto; his wife, Saroko, and their year-old son, Tatsuhiko.

Mr. Sakamoto, a lawyer, was waging a legal battle against the Aum Shinrykio cult when he and his family disappeared in 1989. He was acting on behalf of parents trying to get their children away from the cult and former cult members trying to regain assets they had donated.

Information from cult members arrested after the subway attack on March 20 led to the discovery last month of the family's buried remains. (AP)

## Hostages Are Safe, India Says

SRINAGAR, India — The Indian government knows the whereabouts of four Western hostages held by Muslim guerrillas for more than three months in Kashmir, a senior official said Sunday.

"We know where they are," the official said in Srinagar, summer capital of the troubled province of Jammu and Kashmir. "They are alive and safe."

Indian officials ruled out a rescue attempt by force. A source said the hostages were in Anantnag district, south of Srinagar. It is more than a month since the last contact between Indian negotiators and the abductors. (Reuters)

## Bangladesh Crisis Deepens

DHAKA, Bangladesh — A senior leader of the governing Bangladesh Nationalist Party has warned that the government might declare a state of emergency unless the opposition calls off its campaign of strikes to force elections.

"The government may not have any alternative to declaring a state of emergency if the political crisis is not resolved," said Nazmul Huda, former information minister and the party's vice chairman.

His remarks at a rally outside Dhaka were published in newspapers on Sunday, giving the first official hint of a possible emergency. (Reuters)

## Jailed Dissident's Wife Is Held

BEIJING — The wife of the imprisoned Chinese dissident Chen Ziming was detained on Sunday while holding a peaceful protest in a Beijing park in support of her husband, who is on a hunger strike, dissident sources said.

Mr. Chen's wife, Wang Zhihong, held the demonstration in Shuangxiu Park in the north of the capital with Mr. Chen's parents, Wen Yongfen and Chen Erzang, to reiterate her demand for medical treatment for her husband. The three were sitting on a bench in the park holding a framed picture of Mr. Chen when about a dozen plainclothes policemen moved in.

Dissident sources said that Mrs. Wang was questioned at her home after her arrest and then taken to an unknown destination. (AFP)

## U.S. May Join ASEAN Accord

MANILA — U.S. experts are to attend a meeting of ASEAN representatives to discuss a planned treaty declaring the Asia-Pacific region a nuclear weapons-free zone, the Philippine Foreign Ministry said.

The meeting later this month will look into the possible inclusion of the United States in the pact, a ministry source said. The U.S. panel of technical and legal experts will join the Association of Southeast Asian Nations working group for consultations on the treaty.

ASEAN, which groups Brunei, Indonesia, Malaysia, Singapore, Thailand and Vietnam, hopes to secure an agreement banning nuclear arms in Southeast Asia. All five main nuclear powers — China, France, Russia, Britain and the United States — have been invited to sign the treaty. But there is concern among some of them that it could affect regional navigation, particularly ships carrying nuclear waste.

## VOICES From Asia

Chikazu Akamine, chairman of the Okinawa Women's League, speaking at a protest against U.S. bases on Okinawa: "It's time for all of Japan to feel our pain." (AP)

Tomiichi Murayama, prime minister of Japan, on ties with the United States: "We must take good care of the Japan-U.S. security system in view of its role not only in the two countries but also in Asia and the Pacific as a whole." (AP)

Arif Khan, the Indian Foreign Ministry spokesman, saying that India wants to join the United Nations Security Council as a permanent member: "We feel that given our size and all that we merit a place." (Reuters)

## BOOKS

### EDWARD HOPPER: An Intimate Biography

By Gail Levin. 678 pages. \$35. Knopf.

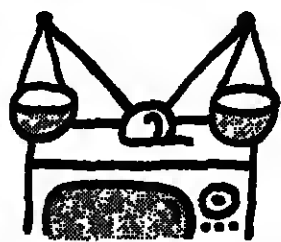
Reviewed by Robert Coles

WHEN a full cultural history of 20th-century America is written, Edward Hopper will surely command a great deal of attention. Arguably, he will rank as the leading U.S. artist of this century — one whose canvases became part of a public consciousness, part of "a whole climate of opinion," in W.H. Auden's words, meant to describe the assimilation of another gifted

person's work (that of Freud) into a broad kind of social awareness.

Not that Hopper had an easy time of it from the start. Like Freud, he had to endure years of rejection, insistent disfavor. Like Freud he had stamina, stubbornness going for him — a refusal to be deterred by the judgment of those who had power. In Austria, Freud had to persist in the face of fierce opposition from the university world; in the United States, Hopper endured dismissal and condescension from any number of art critics and museum curators, who were far more taken with, say, abstract expressionist artists than with his kind of American realism.

• Martin Wyss, the Swiss constitutional lawyer, is reading Paul Thaler's "Watchful Eye: American Justice in the Age of the Television Trial." "Whether to give television access to courtrooms is a controversial issue. But Thaler shows that the O.J. circus is a typical, not an exceptional, result of this." (Roderick Conway Morris, IHT)



Both men, it can be said, triumphed through the appeal their work had for a growing army of readers, viewers, rather than through the favor of the

intellectual custodians of their respective professions. For many years Gail Levin has studied Hopper's work and life. She has written essays on

his life and presented his work in volume after volume — his career as an illustrator, an engraver, an artist whose paintings gradually engaged with the moral and social imagination of many of us. She is his most ambitious biographer — with the important help of his artist wife, Josephine Nivison Hopper, "Jo" to Hopper. Indeed, it is hard to imagine this long, thorough, revealing and quite provocative book without the constant voice of Jo, whose daily diary entries chronicle a great artist's life, but also, reveal an exceedingly temperamental marriage, which lasted and worked, no matter its strenuous strains.

Hopper was born in Nyack, New York, to a family of modest circumstances. The name is of Dutch origin. All his life he looked up to Rembrandt; both were wizards with "light," able to use it as an instrument of compelling character analysis. Hopper never attended college. He read broadly, studied with artists in New York, went to Europe as a young man, but thereafter shunned those trans-Atlantic trips so appealing to artists.

For decades, he went from magazine to magazine with his portfolio in search of assignments as an illustrator. He did so, of course, to make a living — but he never gave up the desire to paint, to be an artist at the beck and call of his own spirit, rather than that of commerce.

Today any description of, or response to, his paintings has to contend with the heavy weight of a criticism that draws on

"existentialism," or on the dreary banalities generated by a secular preoccupation with psychology and sociology.

Even now, time spent with his pictures can bring fresh meaning to tired words such as "alienation," "loneliness." His powerfully suggestive inwardness, his reflective breadth and depth, his disciplined craftsmanship, his restless, sharply knowing interest in a nation, its people, their ways with one another — all of that still offers him a certain immunity from the killing possibilities of cultural attention, whereby someone is "summed up," and soon abandoned for the next objects of interest.

This lucid biography is worthy of its subject, its approach to art. We are denied here the temptations of an art criticism all too fluidly, abstractly sure of itself; denied, too, an overwrought, intrusive psychology, ready at the quick, to classify, label, demonize reductively.

Gail Levin has given us, with obvious erudition and admiration, Hopper the "creative artist" and Hopper the reclusive, cranky, brilliantly thoughtful, impossibly egoistic, highly industrious man. A constant wanderer across the American scene, he documented the headlong, sprawling, anxious nature of the early and middle years of the century.

Robert Coles, a child psychiatrist and author who teaches a course at Harvard on Edward Hopper and Raymond Carver, wrote this article for The Washington Post.

## BRIDGE

By Alan Truscott

FRANK Merblum and Doug Doub, both from Connecticut, recently won a local stage of the North American Open Pairs with help from the diagrammed deal. It illustrates the danger of balancing when there is no evidence of a fit for the opposition.

Merblum as West opened two diamonds, which showed a three-suited hand with 11 to 15 points. Doub as East did not know which suits his partner held, and hid two hearts. This suggested a final contract, but required West to bid two spades with heart shortage.

This should have ended the auction, and nine tricks would probably have been made. But North erred by re-opening with a take-out double, neglecting two factors: He was not prepared for a three-diamond response, and the opening bid guaranteed bad breaks in all suits.

East-West promptly pounced. East redoubled to show some high-card strength, and West was delighted. A heart was led to the ace and South tried a spade finesse. East won with the king and gave his partner a spade ruff. West cashed the heart king, and underled the club ace.

South guessed right by putting up the king and then led a trump to the king. West won with the ace, and led another low club. That let East win and return a spade for another ruff. West tried to score the club ace, but East would not let him. He

ruffed his partner's winner with his last trump and played yet another spade. This promoted West's diamond jack as a trick and the result was down four.

NORTH			
♠ A Q J 3			
♥ 10 6 4			
♦ 5 4			
♣ K J 8 3			
WEST (D)			
♠ 6			
♥ K 8 7 5			
♦ A J 10 9			
♣ A 10 7 5			
EAST			
♠ K 8 5 4			
♥ Q J 9 3			
♦ 3 2			
♣ Q 9			
SOUTH			
♠ 10 7 2			
♥ A 2			
♦ K Q 8 7 6			
♣ 6 4 2			

Neither side was vulnerable. The bidding: West 2♦, North Pass, East 2♥, South Pass. West led the heart five.

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## EUROPE

## Russians Lay Espionage to Ecologists

By Lee Hockstader  
Washington Post Service

MOSCOW — Russian counterintelligence agents have accused a Western ecological organization of divulging military secrets and have suggested that foreign environmental groups are actually fronts for espionage.

The accusations by the Russian Federal Security Service, a

successor agency to the KGB, follow an investigation into the activities of a Norwegian environmental group that has detailed problems in disposing of nuclear waste linked to submarine bases and other military installations in Russia's far north.

Last week, the Federal Security Service, which is known by its Russian initials as the FSB, said the Bellona Foundation, a Norwegian environ-

mental group, could be formally charged with revealing state secrets.

Bellona, a nine-year-old organization based in Oslo that has been working on radioactive storage problems and other ecological issues in the Russian north since 1989, insists that it has used only public sources of information and has divulged no secrets.

The Russian accusations

have rattled Western environmental groups, whose work in the former Soviet Union has focused on nuclear waste and storage problems connected to military facilities. They also match a pattern of statements in the last year by Russian authorities and the media suggesting that several Western non-governmental organizations — including the Carnegie Endowment for International Peace, the Soros Foundation and the environmental group Greenpeace — are actually engaged in spying.

"It's obviously very worrying because it casts a strong shadow over any type of environmental work," said Joshua Handler of Greenpeace's office in Washington.

"A good portion of serious environmental problems in Russia can be traced back to the military industrial complex."

Bellona officials have insisted that their work is strictly limited to concerns over radioactive waste in areas of northwestern Russia near the Norwegian border.

In a statement, the group termed the suggestion of espionage "outrageous."

On Oct. 5, FSB agents removed a Russian environ-

tal activist working for Bellona from a plane at the airport in St. Petersburg. The activist, Sergei Filipov, was questioned for about three hours and told before he was released that he would be contacted again as a witness against the Bellona Foundation.

The next day the agency searched six locations in St. Petersburg and the far northern port of Murmansk. The searches included the Bellona office in Murmansk and the apartments of Bellona's Russian employees.

At the Bellona office, agents seized computers and computer disks, a video camera, documents and other equipment. Agents also searched the home of Alexei Klimov, an environmental activist linked to Greenpeace in the northern port of Severodvinsk.

"This is not only an action against Bellona," said the organization's managing director, Frederic Hauge, in a phone interview from Oslo. "This is an action against the Russian environmental movement, which has many contacts with the West."

He asserted that the Russian agency was "trying to scare our sources."



HOOFING IT — Some of the 2,500 sheep that were herded through Madrid on Sunday by a group trying to re-establish centuries-old grazing routes. The march was kept mostly in line by a mixture of shepherds, policemen, horses, dogs and onlookers.

## Claes Admits 'Error of Judgment'

The Associated Press

BRUSSELS — Willy Claes acknowledged on Sunday that he had committed an "error of judgment" in the bribery case that forced him to resign as NATO secretary-general, but he continued to insist on his innocence.

In television interviews two days after he stepped down, Mr. Claes said he had no immediate plans to revive his political career and had received no employment offers.

"I need to rest a little, to reflect and try to regain some mental balance," he told Belgium's RTBF network.

Mr. Claes again denied any involvement in the payment of bribes to his Socialist Party in return for government contracts.

"I never touched a franc," he said. "On my word of honor, I knew nothing."

As Belgium's economics minister in the late 1980s, Mr. Claes helped ensure that an Italian aircraft maker, Agusta, won a contract to supply helicopters to the Belgian Army. Prosecutors allege that he knew Agusta had paid bribes to the Socialists.

Mr. Claes acknowledged having heard about an offer of money after the helicopter contract was awarded, but said he told Socialist Party officials to turn it down.

On Sunday, he said he had been "naïve" in not making sure that the officials followed those instructions.

"It was an error of judgment," he said.

## BRIEFLY EUROPE

## 65 Skinheads Arrested

NORTHEIM, Germany (AFP) — A total of 65 skinheads were arrested after violent clashes with police at Northeim, Lower Saxony, which left two police officers and six skinheads wounded, the police said Sunday. Policemen said they also seized gas and air-pistols, clubs, baseball bats and infant gas spray devices.

From 800 to 1,000 extremists from all over Germany had gathered Saturday evening at Adelebsen near Goettingen for a concert of skinhead music at an inn rented by Thorsteo Heise, the former head for Northeim of the neo-Nazi Free German Workers Party.

After both the Goettingen and Northeim local authorities banned the gathering, the skinheads and the concert bands headed by bus and car to a "private" party at Mr. Heise's Northeim home where the clashes occurred. (AFP)

## Newspaper War in Turkey

ISTANBUL — A sales war among Turkish newspapers heated up over the weekend as

copies of the daily with the largest circulation were confiscated by a court order.

Copies of Aksam, which has a circulation of about 900,000, were confiscated after Aydin Dogan, the owner of the Hurriyet and Milliyet dailies, went to court claiming two editorials in Aksam had insulted him. (AP)

Turkish dailies have been offering refrigerators, tape recorders, bicycles and other goods to lure customers into buying their pens.

## New Poll Low for Chirac

PARIS — President Jacques Chirac and his embattled prime minister, Alain Juppé, dropped to record lows in the latest popularity poll published Sunday.

Mr. Chirac and Mr. Juppé both had popularity ratings of just 28 percent, a 5-point drop for Mr. Chirac and a 9-point loss for Mr. Juppé, according to a survey for the newspaper Le Journal du Dimanche.

## Ruling on 'Novel' Foods

BRUSSELS — European Union ministers

are set to agree on controversial rules Monday on the marketing of "novel" foods such as tomatoes that have been genetically altered to stay ripe without rotting.

EU officials said the rules would require a tomato containing a strawberry protein to carry a label to alert consumers who are allergic to strawberries.

EU countries have been struggling for more than a year to find a compromise on the new rules. (Reuters)

## Poll Boosts Labor Party

LONDON — Britain's opposition Labor Party has stretched its lead over the governing Conservatives, opening a gap of 30 percentage points as the countdown begins to parliamentary elections by spring 1997, according to a poll in the Sunday Times. (AFP)

## German Presses Wolf Case

BONN, Oct. 21 (AFP) — The German prosecutor Kay Nehm said he is preparing new legal proceedings against the East German former

spymaster Markus Wolf that will draw on Mr. Wolf's own writings and press interviews.

"It is the fate of anybody who is sought (by the legal system) who speaks too much," the judge said in an interview with the weekly Der Spiegel in its latest edition due out on Monday. (AFP)

## Calendar

European Union events scheduled for Monday:

BRUSSELS: Meeting of the European Commission hearing on the consequences of French nuclear tests in the South Pacific.

STRASBOURG: Opening of the European Parliament session.

LUXEMBOURG: Meeting of the EU economics and finance ministers.

STOCKHOLM: Speech by Sir Leon Brittan, the commissioner of External Trade and Relations with Industrialized Countries, to a trade policy seminar.

Sources: AFP, Agence Europe

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## INTERNATIONAL

## Q&amp;A: Poland's Presidential Election

## Challenge to the Icon of Warsaw

As Poland nears elections on Nov. 5, President Lech Walesa, once enormously popular, faces a heavy challenge from a field of 16 other candidates. One leading rival is Hanna Gronkiewicz-Waltz, 42, who, as governor of the country's central bank since 1992, has gained respect for strengthening the zloty and reforming the banking system. In Washington for the annual meeting of the IMF and World Bank, she spoke with Brian Knowlton of the International Herald Tribune.

Q. The Polish economy has been growing about 5 to 6 percent a year but there are still many people without jobs, and old-age pensions are an issue. What needs to be done?

A. First, we need a new pension system. Budget subsidies for the pension system amount to 21 percent of our total expenditures for next year. That's a lot. So we need to introduce a new system. As far as the unemployment problem, the important thing is to sustain growth. We need to reduce inflation and lower taxes.

Q. Are you happy with the pace of Poland's movement toward membership in the European Union? When do you expect it to become a member?

A. That depends, of course, on the European Union. But Poland should be a member of NATO first and secondarily of the European Union. We will need to make some adjustments before joining the EU, mainly in our agricultural sector, which is only lightly subsidized, unlike the EU.

Q. NATO membership before EU

membership? You're concerned about your neighbors to the East?

A. The Russians are quite active in their region. I have the impression that their imperialistic behavior didn't end with the Communist system. In addition, we need good relationships, strong partnerships.

Q. You're a candidate for the presidency. Mr. Walesa has fallen in the opinion polls since the heady days of the Solidarity movement, of which you were a part. How do you expect he will fare?

A. We need the right people for the right moment. He was very good during the revolution, but now we need to build, to construct a new system, and people want quiet, calm politicians, not political wars.

My own model of the presidency is different: It would be very much a merit presidency, keeping the support of the center and the right, unifying those parties that do well in the elections. He has out done this — he has never done this.

For my part, I prefer prevention to conflict.

Q. Poland's powerful Roman Catholic Church has called for voters to block former Communists from returning to power. You are a fervent Catholic, you support traditional values, you strongly oppose abortion. Some people say the church has too loud a voice in politics.

A. The church doesn't talk about politics — it talks about ethics. I think it's the obligation, the right of the church, to declare certain rules of ethics in politics, in the economy, everywhere. Because we

suffered very much from the Communist system, and many of our values were destroyed. Now we need to rebuild. The church can help us rebuild our values. This does not mean politics in a pure sense.

Q. As president, would you work with church leaders, seek their advice?

A. No, I think church and state have their own autonomy. There should be a certain cooperation, though.

Q. You're a proponent of very traditional family values — women in the home and all — but here you are, a woman in a powerful politically appointed position.

A. The economic situation in Poland forces many women to work. And many of them, I think, would prefer to stay home for a certain time. I'm all for a woman to have the choice of staying at home or continuing her professional life. And if she chooses a professional life, it should be under the same terms as a man.

Q. Mr. Walesa, in a comment clearly aimed at you, said that Poland needs an activist president, not someone "who spends time at the hairdresser." He has also called you, his appointee, a "traitor." Are the two of you still on speaking terms?

A. I never had a very close relationship with him. I didn't see him for six months after being named governor [of the central bank]. And the fact is, I don't spend much time at the hairdresser; I spend much more time being governor.



The Cuban leader, Fidel Castro, appealing to the United Nations Assembly on Sunday for nations to work for greater economic and political equality between rich and poor.

## UN: Clinton Urges Fight on Crime and Weaponry

Continued from Page 1

base" — by calling a special Assembly session if necessary.

Mr. Clinton told the Assembly that he was "determined that we must fully meet our obligations" and that he was working with Congress, where some leaders and a number of young radicals in the Republican majority are among the agency's most bitter opponents.

But the president also reminded the United Nations that it must reform its overbearing bureaucracy and demonstrate that "the money it receives supports saving and enriching people's lives, not unneeded overhead."

Then, in a bow to the political agenda of many of the organization's American critics, he urged the agency to cooperate "in fighting the increasingly interconnected groups that traffic in terror, organized crime, drug smuggling and the spread of weapons of mass destruction."

He called these worldwide problems, citing terrorists in Tokyo and Paris, murderous drug traffickers in Latin America and Asia and the rise of the mafia in Eastern Europe.

He said the United States would maintain a roster of nations that permit money laundering and was prepared to apply sanctions against them in the same way it does with nations it accuses of sponsoring terrorism. He announced he had

already ordered the U.S. government to find the financial front men for the Cali drug cartel in Colombia and to move to freeze its assets.

"We must not allow them to wash the blood off profits from the sale of drugs, from terror, or organized crime," he said. "Nations should bring their banks and financial systems into conformity with these international money-laundering standards."

He made several proposals for cooperation with other nations. First, a counterterrorism agreement to "shut down the gray markets that outfit terrorists and criminals with firearms and false documents."

Next, joint but undefined action against narcotics — including efforts by the United States and other consumer nations to decrease the demand for drugs.

Against the new mafias of Eastern Europe, he proposed greater police cooperation and technological training similar to that already under way at the international law enforcement academy in Budapest.

Much of the business of the session will be done at bilateral meetings. More than 65 of them were already scheduled for Sunday alone, bringing together nations as unlikely as Australia and Sierra Leone, or as obvious as the oil nations of Tajikistan and Indonesia.

But more attention will be focused on Mr. Clinton's meeting Monday with Mr. Yeltsin at Franklin D. Roosevelt's home in Hyde Park, New York.

As a prelude to some of the concerns that will be discussed there, Mr. Yeltsin in his speech warned against the extension of

NATO into Eastern Europe and the establishment of a "security system based on compromises and pressure."

Mr. Clinton's meeting with President Jiang Zemin of China, their first, will take place Tuesday on diplomatically neutral ground — the New York Public Library on Fifth Avenue. The fact that the meeting is taking place at all is a sign that Beijing wishes to mend relations with Washington. But Mr. Jiang is expected to seek a commitment from Mr. Clinton never to repeat even the unofficial visit of the president of Taiwan, a guarantee that Mr. Clinton is unlikely to be able to give in the present domestic political climate.

## Arafat Then and Now

The Palestinian leader Yasser Arafat said in his speech to the Assembly that the United Nations should continue to sponsor the cause of Palestinians until they achieve self-determination and national independence, Reuters reported.

This was Mr. Arafat's first appearance before the United Nations since 1974, when he said he came "bearing an olive branch and a freedom fighter's gun," adding: "Do not let the olive branch fall from my hand."

Recalling his earlier appearance before the Assembly, Mr. Arafat said: "I came to you 21 years ago as a fighter for freedom, liberation and independence, carrying with me the torments of my struggling people. Today, I come to you with a heart filled with love and peace now that the olive branch has adorned the peace of the brave."

## ALGERIA: Talks Are Canceled

Continued from Page 1

to bolster support for his candidacy in the Nov. 16 presidential race.

Mr. Chirac was quoted by private French television as bawling "no regrets" about the incident. "The New York gathering had come in for snow-balling criticism on both sides of the Mediterranean since it was disclosed two weeks ago."

In recent days, Mr. Chirac rowed back from his initial unconditional support for the meeting, explaining that he would use the occasion to stress the need for real democracy and fair elections in Algeria.

In Algeria, Islamist insurgents and major lay opposition parties had accused the French government of trying to help Mr. Zeroual, a former general who is the leading candidate in the presidential elections. The army canceled legislative elections that Islamic fundamentalists were poised to win in January 1992, setting in train violence that has claimed as many as 50,000 lives.

In France, senior civil servants, police spokesmen and even members of the government majority found themselves in agreement with the political opposition's reservations about the wisdom of meeting Mr. Zeroual.

Opposition spokesmen in

Paris for the usually sharply differing left-of-center Socialists and extreme-right National Front, for example, both described the incident in New York as a "slap in the face" for Mr. Chirac.

But Mr. Chirac was quoted by state television as saying that relations between France and Algeria "had been through other" ups and downs since the former colony won a nearly eight-year war for its independence in 1962.

His remarks hinted that he was relieved to be rid of a potentially counterproductive counter at a time when opinion polls show public support for his governance and for Prime Minister Alain Juppé — at new lows.

The wave of terrorism, in which seven have died and more than 160 have been wounded since July, has increased public scrutiny of France's stand in favor of the military regime in Algiers.

## 3 Killed in Algeria

A bomb killed eight people and wounded 82 in Algeria on Sunday, the first day of campaigning in a presidential election that Muslim fundamentalists have vowed to wreck, Reuters reported from Algiers.

Sunday's bombing occurred in the western town of Relizane.

## U.S. Says It'll Lead Peace Unit In Bosnia

By Brian Knowlton  
International Herald Tribune

WASHINGTON — On the eve of U.S.-Russian talks that will focus on efforts to bring peace to Bosnia, American officials made it clear Sunday that they count on playing the leading part in a peacekeeping force and expect the Russians to have no more than a peripheral role.

Defense Secretary William J. Perry warned that any attempt to field a peacekeeping effort without leading U.S. participation "would result in an unraveling of NATO."

And Warren M. Christopher, the secretary of state, said NATO command and control of such a force was "a red line for the United States" — meaning a guarantee that the operation will be conducted in a satisfactory way.

President Bill Clinton will meet President Boris N. Yeltsin Monday in Hyde Park, New York, for talks on Bosnia as well as on NATO expansion and troop reductions in Europe.

The Clinton administration has insisted that any Russian troops taking part be under NATO command, a demand that Mr. Yeltsin has resisted.

The administration also faces opposition in Congress to sending troops to Bosnia.

Clinton advisers tried on Sunday to placate lawmakers while preserving the president's room for maneuver. Mr. Perry said that the administration would, "at the appropriate time," seek congressional approval to send a peacekeeping unit but could do so even if such approval were not given.

U.S.-Russian differences over command and control of the Bosnian peacekeeping force are "a major hangup," Mr. Perry said on the NBC News program "Meet the Press."

There are ways the Russians could participate outside of NATO control, Mr. Perry said, but this would place them outside the peace force as well. "There's going to be an economic reconstruction effort, refugee resettling," he said.

Asked about fears that Russian peacekeepers might show favor toward the Serbs, their historical allies, possibly putting them in hazardous opposition to American-led forces, Mr. Christopher said this would not happen.

There are also questions about whether the Americans might align more closely to the Bosnian Muslims, to shore up the weaker force and promote balance.

Mr. Christopher said Sunday that a U.S.-led force needed to be "as evenhanded as we possibly can be."

But Mr. Perry asserted that, if necessary, the United States would help make the Bosnians a more potent force.

The defense secretary said the peace agreement that is expected to come from talks opening Oct. 31 near Dayton, Ohio, was most likely to lay out plans for an arms control process that would address a serious imbalance of heavy weapons.

But if arms reduction efforts fail sufficiently to address the imbalance, Mr. Perry said, "the United States is prepared to equip and train the Bosnian federation forces."

The defense secretary said that NATO faced a critical test in bringing peace to Bosnia, and that if it failed, the stability of the Balkans was at stake.

But Senator Sam Nunn of Georgia, an expert on defense matters, told NBC News that "a lot of unanswered questions" remained about the wisdom of involvement in Bosnia.

"It would be a very high-risk venture," he said, for Mr. Clinton to commit U.S. troops without congressional approval.

Both Mr. Perry and Mr. Christopher, meanwhile, said that although the administration hoped and expected that U.S. forces can be out of Bosnia within a year of deployment, there was no guarantee of this.

## Kingsley Amis, English Novelist, Is Dead

Reuters

LONDON — The British novelist Kingsley Amis, 73, literary rebel turned jarrable purveyor of political incorrectness, died on Sunday.

A hospital spokesman said he died peacefully, but did not disclose a cause of death. Mr. Amis was hospitalized last month after damaging his back in an accident.

Mr. Amis's novels are set among the middle classes and contain sharp insights into the nature of British society, with its hidebound class divisions.

His first novel, "Lucky Jim," a parody of British academic life published in 1954, won him instant fame and a reputation as one of the era's "angry young men" — a group of anti-establishment writers. Mr. Amis rejected the label, however, calling it "a very boring journalistic phrase."

His unsympathetic portrayal of women offended many feminists, but he insisted he was not a misogynist.

"The Old Devils," his 17th novel, won Britain's foremost literary award, the Booker Prize, in 1986. It was one of his darkest works, which seemed written in a mood of despair.

Mr. Amis was a heavy drinker and smoker and became a fixture at London's Garrick Club, haunt of writers and artists.

An acclaimed raconteur, he had a bitter tongue and little respect for sacred cows. He once made a famous attack on the icons of English literature, calling Jane Austen "filthy," Robert Browning "stupid" and Charles Dickens "shrill."

The son of a clerk, Mr. Amis was proud of his humble origins and as a student was a supporter of communism. But in later years, he became increasingly rightist, although he remained quick to criticize those in public life.

Dr. Friedrich S. Brodnitz, 96, Celebrity Throat Specialist  
NEW YORK (AP) — Dr. Friedrich S.

Brodnitz, 96, who took care of the throats of some of the nation's most prominent opera stars, radio personalities and politicians, died Thursday.

The ear, nose and throat specialist worked out of his office opposite Carnegie Hall until three years ago. His patients included the soprano Leontyne Price, the radio star Arthur Godfrey, the actresses Kate Nelligan and Kaye Ballard, former Mayor Abraham D. Beame and the late Vice President Nelson A. Rockefeller.

Mr. Brodnitz prescribed exercise as well as medication and was a pioneer in the regimen called the chewing method — exercises designed to strengthen and realign throat muscles.

Shannon Hoon, 28, whose smooth, high-pitched vocals took the rock group Blind Melon to the top of the charts with its 1993 debut hit "No Rain," died Saturday. He was found dead on his tour bus in New Orleans. The cause of death was unknown.

## KOREA: Slow Progress

Continued from Page 1

pletion of the new reactor construction contract, the deal has brought some early benefits to both sides.

North Korea, for example, has obtained 150,000 metric tons of fuel oil as compensation for keeping one of its electric power-generating reactors shut down, and it is scheduled to get 500,000 tons more in the next twelve months.

A U.S. claim that some of the oil was illicitly diverted to North Korean industrial production has been resolved by installing U.S. oil-flow monitoring equipment at an electrical plant in Songbong where the fuel is delivered, reflecting a measure of new openness in these long hermetically sealed country.

A team of American nuclear experts, meanwhile, has gained access to portions of North Korea's principal nuclear site at Pyonggang, where most of the bomb program was headquartered.

The team has been supervising the cleaning and cooling of a storage pond for spent nuclear reactor fuel laden with plutonium that could be used in a nuclear weapon, in an action meant to stabilize the fuel for eventual shipment from its sources in North Korea to another country.

Another team comprising U.S., South Korean, and Japanese nuclear experts has devoted weeks to surveying a proposed site for construction of the \$4 billion reactors on the North Korean coast north of the eastern city of Wonsan. A similar team will conduct additional surveys there soon.

The construction schedule hinges on details of a contract still being negotiated between North Korea and a multinational consortium established to implement the deal, the Korean Peninsula Energy Development Organization.

At issue is a North Korean demand for hundreds of millions of dollars worth of equipment and assistance from the consortium. Washington has declared that this demand lies outside the scope of what it envisioned when the vaguely worded deal was signed last year.

## Tracking Malaysian Elephants by Satellite

Technology Applied to Protect Wildlife and Aid Conservation Efforts

By Michael Richardson  
International Herald Tribune

SINGAPORE — Somewhere in the Malaysian jungle, a tiny chip of modern technology is doing a jumbo-sized job for wildlife conservation in Asia.

The electronic microchip is linked to a radio transmitter in a collar strapped around the neck of a rogue elephant relocated earlier this month to a protected forest area after causing mayhem in farmers' orchards.

The goal of the pilot project, which is a joint venture of the Smithsonian Institution's Conservation and Research Center in Washington and Malaysia's Wildlife and National Parks Department, is to track the young female elephant by satellite in a jungle environment that makes normal surveillance impossible.

It is the first time satellite-tracking has

been used in this way in Asia, where the increase in human population and rapid economic growth are putting such rare animals as the tiger, the rhinoceros, the orangutan and the elephant under threat of extinction as development encroaches on their habitat.

Initial reports indicate that the high-tech tracking program will work in the jungles of Asia and could be used to help save other endangered species.

Signals from the transmitter are being picked up by a French Argos space computer on a satellite operated by the United States National Oceanographic and Atmospheric Administration. They are then relayed to a data processing center in Washington.

Jasmi Abdul, the Malaysian department's director of research and wildlife management, said the satellite signals would show how quickly an elephant

found a new herd, how much space it needed to survive, at what time of the day it traveled and when it rested.

Researchers will also be able to learn whether the gender of an elephant plays an important part in its acceptance and survival within a new herd.

Michael Sturwe, a Smithsonian research associate who supervised the electronic tagging of the tranquilized Malaysian elephant before it was released into the wild, said that satellite tracking of wildlife had been used for more than a decade on migratory birds, sea mammals and caribou. But the technology was tried on elephants only a few years ago in central Africa by the New York Zoological Society, since renamed the Wildlife Conservation Society, he said.

The elephant population of peninsular Malaysia fell to 1,200 in 1992, from 2,000 in 1975, according to an official survey.

## IRAQ: Saddam's Errant Son

Continued from Page 1

pear to have repaired much of the damage caused by the defection on Aug. 8 of his son and son-in-law, Lieutenant General Hussein Kamel Mahjidi, who headed Iraq's weapons program and whose departure has been interpreted in Western capitals as the beginning of the end for the Iraqi regime.

By most independent reckonings, both General Kamel's defection and Mr. Saddam's efforts to project a new image for his regime have a lot to do with the animosity stirred up within governing circles by the reckless behavior of Uday.

Now 31, with a penchant for exotic cars and well-tailored suits, the son of Mr. Saddam's first wife grew up steeped in privilege. He studied engineering at Baghdad University and socialized with the sons of other senior officials at the elite Baghdad Hunting Club. But Uday also developed a reputation as greedy and violent, particularly when drunk.

As a younger man, he was known for tooling around Baghdad in a black Porsche with red leather seats, a beautiful woman at his side. Affairs of the heart brought out his brutal side in 1988, when he bludgeoned to death Kamal Hanna, his father's

butler and food taster, at a banquet. According to widely circulated accounts, the valet had angered Uday by acting as the go-between in an affair between Mr. Saddam and Samira Shahbender, a stewardess then married to an Iraqi Airlines official.

Miss Samira eventually became Mr. Saddam's second wife, relegating Uday's mother, Sajida, to a secondary role.

Mr. Saddam sentenced his son to death, but reconsidered. After a while, Uday appeared to have been rehabilitated. By the early 1990s, he had founded a media empire and several major service companies.

But in another widely reported incident, Uday shot and seriously wounded Waiban Ibrahim Hassan, another uncle and the former interior minister, during an altercation at a party Aug. 8. From six to eight women at the party also died in the gunfire, according to sources.

The conclusion that Uday's star is waning is backed by a new Jordanian intelligence report that says his authority has been sharply curtailed since the Waiban Ibrahim shooting.

## DREAM: A Chinese Obsession

Continued from Page 1

outside Fuzhou, the capital of Fujian Province, a coastal area whose inhabitants began leaving hundreds of years ago.

Changle is one of the counties neighboring Tingjiang and Fuzhou and the others.

It seems an accident of history that created such a tiny area. Only 650,000 people live in Changle County, and the two other counties are slightly smaller. Early immigrants to the United States from these counties in the 1980s, once established, offered to help relatives follow.

Sensing opportunity, a growing number of "snakeheads," or organizers of illegal passage, eventually developed a criminal network on both sides of the Pacific with the ability to recruit, deliver and exact payment from any immigrant who could afford their fee.

Residents of Changle are not poor by Chinese standards: most homes have television sets and refrigerators. But they are not as comfortable as city dwellers in Fuzhou, 25 miles away. At this in-between status — neither needy nor comfortable — people in Changle no longer worry about where the next meal will come from, but

hunger for something better.

Thousands of residents of Changle whose children have emigrated to America and sent money back have moved into about 100 new apartment blocks over the last two years, apparently a source of great pride to the new tenants, and of envy among those who still live in older, more cramped dwellings.

The people who brave the danger and uncertainty of a trip to America are not simply impulsive youths trying to escape the monotony of country life. They are typically men and women whose families carefully plan the trips to plant one of their own in what they are convinced is a land of milk and honey.

Although Ms. Liu denied forcing her children to go, she allowed that she and her husband were the driving forces behind the emigration.

"My daughter called last year and said she wanted to come home, saying life was too hard in America," Ms. Liu said, shaking her head like a disappointed teacher. "I asked her: 'Who's going to pay off your debt? What money are you going to use to take care of your parents when they're old?' She agreed to keep it for a few more years."

## Social Democrats Stagger in Berlin

Reuters

BERLIN — Germany's Social Democrats, torn by a leadership crisis, plummeted badly in Berlin state polls Sunday while former Communists leaped to first place in districts east of the old Berlin Wall, ARD television said.

Chancellor Helmut Kohl's Christian Democrats remained as the city's largest party overall despite losing some ground, while the liberal Free Democrats crashed out of the

assembly with less than the 5 percent minimum vote.

The results pointed to another Christian Democrat-Social Democrat coalition under the incumbent mayor, Eberhard Diepgen, whose Christian Democratic Union slipped to 37.5 percent from 40.4 percent in 1990. But Social Democratic leaders angered by his campaign attacks against them would not agree right away.

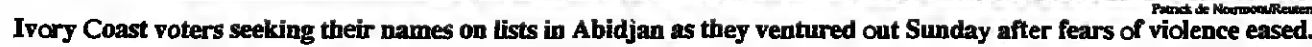
The Social Democratic leader, Rudolf Scharping, has been fighting off internal critics for months. Computer projections gave the Social Democrats in Berlin a shockingly low 23.3 percent, after 30.4 percent in 1990.

The Party of Democratic Socialism, the successors to East Germany's hard-line Communists, were jubilant about their surge to 14.6 percent to become the third-largest party in Berlin. The party won 36 percent of the vote in the eastern half of the once-divided city.



# Ivory Coast Votes Amid Calls for A Boycott

Mr. Bédie's main opposition rivals have charged that the government had rigged the voter lists and refused to place the process under independent supervision.



The elimination of the country's two leading opposition figures from the presidential race has had the effect of putting this country, with its long reputation of stability, on a nervous edge that is powerfully tinged with ethnic resentments.

## 2 Detained In Attack On Saudi Mosque

Among the dead were two Saudis, an Egyptian and an Indian. The two others had yet to be identified. (AFP, Reuters)

## AMERICAN TOPICS

**Writers Remember  
University of Chicago**

Philip Roth, who received a master's degree from the university and taught English composition there during the 1950s, recalled: "I had nothing to do with any but literary or bookish people. I should say bookish men. With women I was more ecumenical."

For many Argentines, the late Eva Perón is a saint. They were offended by the Broadway musical "Evita," which portrayed the wife of former President Juan Perón as a corrupt populist who slept her way to power. Now they are outraged that Hollywood is making a film of "Evita," starring Madonna. "A total and utter disgrace," President Carlos Saúl Menem said. Archbishop Antonio Quarracino of Buenos Aires called Madonna "pornographic and blasphemous — an insult to Argentine women."

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# Herald Tribune

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## Crack Down on Croats

Even as Bosnia moves raggedly to a cease-fire and peace talks, murders and mass expulsions of civilians persist. New killings attributed to Serbs, in the hundreds or thousands, lengthen a long list and draw Western rebuke. But those laid to Croats, in the scores or hundreds, tend to be passed by: Croatia is an American partner. It is applauded in Washington, for instance, for holding off on any offensive to take back the last Croatian land held by Serbs.

American silence on Croatian atrocities is dangerously wrong. To go soft on these crimes is to invite more and to strengthen a vicious political tendency in Zagreb. Certainly no U.S. aid — a \$12 million appropriation is pending — should flow while this question is unresolved.

But, it is objected, protests against Croatian crimes fit poorly with the effort to win congressional support for sending 20,000 American troops to enforce a Bosnian peace agreement to Croats (and Muslims). But that's no reason to evade the Croat question. Now, before an American commitment is nailed down, is the time to work it out. There really is only one way. The Croats must show they are not murdering Serbs. They must show they are not the fascists their critics insist they are. This is not too much to ask of a people for whom Americans are being asked to send troops.

Croatian and Muslim forces continue advancing on the Serbian stronghold of Banja Luka in northwestern Bosnia. Some Americans cheer the Serbs' losses. This is shortsighted. No doubt it's hard to turn the military head down all at once. But it gives those advancing forces unresisted political comfort to let them exploit an American-brokered cease-fire with relative impunity. It makes the United States complicit.

Congressional skeptics raise a further consideration about the Croats. Clinton administration officials contemplate building up Croatian and Muslim military capability to even up the odds — and thus supposedly keep the peace — after the proposed NATO peace force departs in a year. Set aside the complications of stabilizing a Bosnian military balance. Can America effectively mediate a peace settlement at the same time it is training and arming one side?

Finally, there is that London menu. President Franjo Tudjman of Croatia, at a banquet last May, was reported to have drawn a map on his menu in which Serbs and Croats simply divided up Bosnia between them. Map aside, the political logic behind the dividing up of Bosnia is plausible. You do not have to think this is how things will end up to want concrete guarantees from the Croats that it will not.

—THE WASHINGTON POST

## French Reaction

Everyone in Paris, rich or poor, native or tourist, rides the Métro. Hence the special malevolence of terrorist attacks that target subways or linked suburban lines, as in the explosion last Tuesday that injured 29 commuters, five of them gravely. No grievance can justify a cowardly campaign by Algerian Islamic radicals that by now has killed seven people and wounded 160. Adding to the outrage is a threat of more violence unless France bows to such impossible demands as closing its embassy in Algiers.

With these provocations, there is an understandable clamor for President Jacques Chirac to strike back hard. Yet despite draconian arrests and armed patrols in France's Algerian neighborhoods, terror attacks continue. Nightclubs alone are inadequate to quell this disorder, especially in light of French demographics.

Five million Muslims, most from North Africa and many of them French citizens, now live in and around French cities. Though a xenophobic French minority would treat all immigrants as enemies, such a course is not desirable or feasible in a France true to its democratic legacy.

France and Algeria are bound together by blood and history, beginning with conquest and colonization and culminating in a war of liberation that nearly ignited a civil war in France in the 1950s.

There is little dispute about the roots of the current terror campaign. Once Algeria

became independent in 1962, France began to establish a *modus vivendi* with its erstwhile foe, the National Liberation Front, which turned all too quickly into a military tyranny. The Front, faced with an election loss to Islamic militants in 1992, canceled the vote. Mass jailings followed, encouraging radicals in the opposition and triggering an armed struggle that has claimed as many as 40,000 lives.

Washington correctly protested the suspension of the election and has since pressed for a political solution through inclusive elections. Paris bristled over what it viewed as U.S. meddling, so much so that a high-level French official flew to Washington last year for negotiations, which both sides misleadingly said were about Bosnia. That testimony persists under President Chirac, whose government provides \$1.2 billion a year in aid to Algeria.

The United States has reminded France of its own wise, and unheeded, advice about Vietnam. In the early years of American intervention, the French, especially President Charles de Gaulle, warned against radicalizing an adversary that Washington might sooner or later have to live with, and cautioned about betting too much on an unstable and corrupt partner in Saigon.

France must be firm in responding to Algerian terrorism but should not violate its democratic principles in the process.

—THE NEW YORK TIMES

## Not So Intelligent

As the CIA shops around for new business, it has discovered the attractions of economic intelligence. Encouraged by President Bill Clinton, the agency is turning its spying machinery on targets like the Japanese Trade Ministry and the French prime minister's staff, looking for information that might give U.S. trade negotiators an advantage.

With the Cold War over, there is little question that economic and financial developments can threaten U.S. interests as quickly as foreign armies. The Mexican peso crisis earlier this year was an example. But it is a good deal less clear that the CIA is the right place to turn for help.

The CIA considered the Soviet Union an economic power when it was actually an economic wreck, and there is little evidence the agency's financial expertise has improved since the Cold War ended.

David Sanger and Tim Weiner recently reported that Clinton administration consumers of CIA economic intelligence find much of the material unsophisticated and of limited use.

Banks, brokerage houses and other financial institutions have far more experience and expertise in tracking bond markets, currency fluctuations, inflation rates and budget deficits.

The CIA has not made a convincing case why it should start from almost no base to build a center for economic intelligence and analysis when the government can hire outside experts or look to agencies like the Treasury Department that already have more knowledgeable staffs.

Clandestine efforts to gather financial secrets, especially from U.S. allies, seem even more dubious. Friendly governments are not above spying on each other, but whatever the CIA learned about Japan's bargaining strategy in trade talks on automobile issues probably was not worth

the embarrassment to both Washington and Tokyo when the spying was disclosed. Over the long run, U.S. access to Japanese markets is not likely to be improved by spying on Japan's Trade Ministry.

The mismatch between Cold War-style espionage and economic matters was evident in the CIA's clumsy effort to lure an aide to the French prime minister into parting with secrets about his government's position on trade talks. The gambit backfired when French intelligence officials detected the maneuver and tipped off the aide.

It is not easy to see what the CIA thought it could learn about French bargaining positions that were openly declared and widely publicized at the time.

The one area where traditional spy craft might prove useful is warning when foreign countries or companies are using bribery or other illegal means to obtain business contracts. The CIA, using intercepts of telephone and other communications, has notified the State Department when it has learned of these practices. That has given Washington a chance to protest. In at least one case, the business ended up going to a U.S. firm.

The CIA itself is not the best judge of what new missions it should pursue. The desire to protect a large budget and staff has a way of distorting decisions, particularly in an organization that devoted better than two-thirds of its work to monitoring and studying a country, the Soviet Union, that no longer exists.

William Casey had many faults as director of central intelligence in the Reagan administration, but he did know a thing or two about economics. Whenever he wanted economic intelligence, Mr. Casey often said, he would ask a businessman, not an intelligence analyst.

—THE NEW YORK TIMES

## U.S. Should Use Bosnia to Ease Strains With Russia

By Stephen S. Rosenfeld

WASHINGTON — The United States has its sights set too low in Bosnia. It is riveted on the prospect of launching a process of local accommodation and reconstruction. It should be zeroing in on the companion requirement to use the Bosnia opening to relieve the gathering strains in overall relations with Russia and to create a new basis for European security and stability. This is the true prize.

It takes a leap to realize that what is being addressed is not just the peace of Bosnia but the shape and the "security architecture" of the new post-Cold War Europe. But those are the ultimate stakes of the immediate project of arranging the proposed international peacekeeping mission.

Full NATO participation is, of course, the core of this mission. The alliance, seeing an opportunity to partially redeem itself for its earlier evasions, is now pursuing the project with vigor. NATO is also pleased to be receiving offers of volunteers from, among others, its new "partners for peace" in central Europe.

But the real catch would be Russia. To enlist its substantial weight in putting Bosnia back together would mark a first, huge and opportune success for Russia, Europe and the United States in collaborating on a demanding security mission in the heart of Europe. A Russian role would

point the way to solving or at least easing the dispute going on over the expansion of NATO. It would open up new modes of cooperation in Europe as a whole.

You could wish that a new European security framework were already in place or that an easier case than Bosnia had come along to test and forge international readiness for it. But this is the hand that has been dealt.

The United States, though committed to supply leadership, is lagging. It formally invites Russian participation in Bosnia but leaves the impression that the obstacles are insuperable and that NATO would just as soon do the job on its own. The Pentagon's responsibility for setting the terms of an American military operation appears to be crowding out the State Department's responsibility to see the larger political picture, the one with Russia in it. The White House has a NATO focus that does not seem to extend to Moscow. It goes too far to say NATO suffers from nostalgia for an adversary, but it certainly does seem uncomfortable reaching out for a partner.

Granted, the problem of fitting a square Russia into a round NATO peacekeeping

hole isn't easy. Moscow doesn't want any of its men to serve under NATO command. NATO, only now escaping its old "dual key" tie to the United Nations, is leery of a new dual-key arrangement that would give a full political voice and veto to the Kremlin. A geographic split that left NATO and Russia policing separate sectors begins to look like divided Berlin. A functional split that assigns peacekeeping to NATO and reconstruction to Moscow seems a cop-out. Russia's lack of cash to pay its way complicates things.

But this is the beginning of the discussion, not the end. The fact is, Bosnia is in Russia's back yard. It is an area of traditional Russian strategic and sentimental preoccupation. Forget the ultra-nationalists: Bosnia matters to mainstream Russians. Boris Yeltsin, approaching parliamentary and presidential elections, cannot possibly wish to be accused of "losing Serbia" to an alliance moving ever more assertively into Russia's buffer zone — an alliance Russia cannot reasonably figure either to match or to join.

The Russians can perhaps handle having to bargain for a role in Bosnia, as NATO's ascendancy is forcing them to do. But the role they are so far being offered is distinctly subsidiary: not as a partner on the main questions but merely

as a discussant and as a provider of certain limited nonpolitical services.

The alliance can do better. It can, for instance, press harder for Russia's own policy suggestions and at the very least draw the Russians in policy consultations. The peace plan that American diplomacy is now trying to settle upon Bosnia, after all, was written by a committee including Russia. It is not only useful but fair to expect Moscow to cooperate in putting its handwork into effect.

Then, the alliance and especially the United States have got to start thinking bigger — in terms of building Europe, not just of rescuing Bosnia. All through the NATO expansion debate, Washington has spoken of taking Russia's special dimensions and traditions into account and of finding an alternative to bringing Moscow into NATO. To these ends NATO has offered Russia a "special relationship."

Suddenly, without notice and without much acknowledgment, the moment arrives to make such a special relationship real. Bosnia represents a timely and perhaps one-time opportunity for a political and strategic breakthrough. Here is the right lead item for the Yeltsin-Clinton summit.

The Washington Post

## To Repair Links With China, U.S. Must Fix Its Policy Process

By Don Oberdorfer

BEIJING — In their meeting in New York this Tuesday, President Bill Clinton and President Jiang Zemin will seek to repair a Sino-American relationship that has suffered a body blow from the renewal of the long-standing dispute over Taiwan. However, extensive discussions with officials and scholars in the two capitals suggest that a solution may be beyond the powers of either leader.

The stakes could hardly be higher. China is the most populous nation on earth and the one whose economy is growing at the most rapid rate. The U.S. role in Asia in the 21st century will become heavily dependent on the Sino-American relationship.

Taiwan, the prosperous anti-communist island workshop off the Chinese coast, was traditionally part of the Middle Kingdom, but its status and future have been unresolved since the 1949 Communist revolution. Yuan Ming, director of the Institute of International Relations at Peking University here, said the Taiwan issue is "more powerful than any others" in Sino-American relations because it goes to the heart of the one-China agreement that undergirded respectation and eventual normalization of official ties between Beijing and Washington in the Nixon and Carter administrations.

This spring, the conflict suddenly returned to the fore when the Clinton administration granted a visa to Taiwan's president, Lee Teng-hui, whose government the United States does not officially recognize. The impetus came from new circumstances in Taiwan. Emboldened by economic success and an effective if fractious democracy, the island's people have been flirting with declaring political independence — an act that China has sworn to oppose with military force. Taiwan's government also is breaking out of the diplomatic isolation imposed by China, and each step in its cam-

paign has been passionately opposed by Beijing.

In May 1994, in the first of a series of blunders, the Clinton administration restricted Mr. Lee to the airport grounds in Honolulu while his airplane was refueled on a trip to Central America. The Taiwan leader refused to disembark, setting off protests on Capitol Hill over shabby treatment of a friendly democratic leader, whose island nation is the sixth-largest trading partner of the United States.

Enter Cornell University, where Mr. Lee earned a Ph.D. in agricultural economics in 1968. In 1991, Taiwan alumni of Cornell had contributed \$1 million for an academic chair. In 1994, "friends of Lee Teng-hui" were raising \$2.5 million for a professorship in his honor. And now, in early 1995, the university — one of many U.S. scholarly institutions and policy think tanks to receive large-scale Taiwan funding in recent years — invited Mr. Lee to be the main speaker at its June alumni observance.

To mobilize its allies, a Taiwan think tank close to Mr. Lee hired the Washington lobbying firm of Cassidy & Associates for \$4.5 million, a huge sum for such a task.

Taiwan's traditional allies have been conservative Republicans, but Cassidy is headed by a former aide to the Democrat George McGovern and includes among its senior lobbyists Jody Powell, former press secretary to President Jimmy Carter, and Bob Beckel, a Carter administration political operative. The firm's account executive for Taiwan was Gerald Warburg, who had been a principal aide to former Senator Alan Cranston, Democrat of California.

The Republican landslide last November brought conservative friends of Taiwan to key chairmanships in Congress. Organized by Cassidy, the new wall-to-wall Taiwan lobby also included

Democrats and centrist Republicans, activated by a letter-writing and telephone campaign in favor of Mr. Lee's visa and pro-Taiwan resolutions from more than 30 state legislatures.

Secretary of State Warren Christopher told Congress that a visit from Mr. Lee would reverse the policies of six administrations of both parties and jeopardize ties to China, but Taiwan's friends argued it was a disgrace to bar a friend of the United States from making an unofficial trip to his college reunion.

By early April, when the House International Relations Committee voted 33-0 to support the visa, head-oners on Capitol Hill told the White House and the Chinese Embassy that the legislative battle was irrevocably lost. On April 27, Mr. Christopher told Foreign Minister Qian Qichen of China privately and vaguely that a visit to Cornell by Taiwan's president "would be inconsistent" with U.S. policy, but also that he had not persuaded a single member of Congress to support that view.

At a May 18 meeting at the White House with several centrist senators, the visa issue was broached by Senator Charles Robb, a Democrat, who as governor of Virginia had visited Taiwan on several occasions.

"I told [President Clinton], we ought not to permit China to determine the visa policy of the United States," Mr. Robb recalled in an interview. Within minutes, it was clear that the president agreed. When he finally confronted the issue, Mr. Clinton "was not comfortable with a position which said under no circumstances can this guy come here," a senior White House official said.

Here in Beijing, the U.S. policy reversal was a thorn in the side.

"There was no warning and no preparation," said Peking University's Yuan Ming. After a rel-

atively restrained initial response, U.S. and Chinese observers agree, elements of the Chinese military weighed in strongly against the government's policy failure. President Jiang and Foreign Minister Qian were deeply embarrassed and their positions undercut in the intense political maneuvering under way as the senior leader Deng Xiaoping fades from the scene.

In July and August, following Mr. Lee's triumphal "unofficial" visit to Cornell, China conducted military exercises in which live missiles were fired closer to Taiwan than in recent years. The Taiwan stock market plummeted. Anti-American and anti-Taiwan rhetoric soared from Beijing. High-level military and diplomatic exchanges were canceled.

"The Chinese government had no choice but to oppose [the visa] very strongly," said Zhi Zhongyuan, president of the China Society for Sino-American Relations. "We are worried that it could have a domino effect on upgrading Taiwan's relations, not only through U.S. actions but those of other countries as well."

In August, Chinese leaders quietly decided to de-escalate the conflict with Washington, lest it become a contentious issue in the 1996 U.S. elections. In a revealing illustration of how economic interests affect Communist politics today, provincial and township authorities reportedly urged moderation on grounds that the U.S. market and U.S. capital were crucial to their economies. Last year, China sold \$30 billion more to the United States than it purchased, and the imbalance is growing rapidly.

Arriving here earlier this month for talks with academics and officials under the sponsorship of the Kettering Foundation, I found U.S. policy toward Taiwan discussed more in sorrow than in anger. The Chinese were still aggrieved but believed they had made their point. In recent private meetings, U.S.

The writer, a former Washington Post diplomatic correspondent, is a journalist in residence at the Foreign Policy Institute of Johns Hopkins University's Paul Nitze School of Advanced International Studies. He contributed this comment to The Washington Post.

## Updating the UN Agenda: New Priorities for New Challenges

By Gro Harlem Brundtland, Ingvar Carlsson, David Oddsson, Poul Nyrup Rasmussen and Paavo Lipponen

OSLO — We represent a group of countries that for 50 years has made by far the greatest financial contribution per capita to the United Nations. The Nordic taxpayer pays five times the OECD average to the UN.

The Nordic countries, with 23 million people, pay more to UNICEF in real terms than 270 million Americans. Our countries have provided 25 percent of all UN peacekeeping personnel. We are as interested as anyone in an effective United Nations.

Our long-standing support for the UN derives from a firm conviction that the world needs a strong and effective global and multilateral system for political decision-making in the many fields where all countries are too small to solve problems on their own. Global issues are survival issues.

During its first five decades, the UN has achieved important results. In the interest of us all, it has helped manage decolonization; established peacekeeping operations; promoted and protected human rights; helped abolish apartheid, and run field activities in developing countries, bringing relief and consolation to millions. It has established agencies to deal with newly recognized problems such as the environment.

All of this bears witness to how the United Nations has harnessed the best of humanity and civilization.

But in the next century, new challenges will require new responses. We must recognize the new threats to peace, social progress and international stability. Conflicts between states are no longer the only threats to security. We are facing conflicts rooted in poverty, social inequalities, ethnic problems, environmental problems and human rights violations.

We must recognize that it is more cost-effective to anticipate and prevent international problems than to try to solve them once they occur. Often the UN comes under pressure to act only when the root causes of a crisis have had time to fester and wreak their havoc. It is often not until conflicts have escalated enough to dominate the evening news that countries are seriously ready to provide funds, people, peacekeepers and humanitarian assistance.

The less visible tragedies of political oppression, famine, environmental degradation and underdevelopment too often receive insufficient attention. And it is these sources of conflict that we must deal with before they escalate and before the costs become enormous.

All effective organizations are constantly changing. The UN organization largely reflects post-war challenges. We need to adapt both its institutions and working methods.

The composition of the Security Council should better reflect new economic and political realities. The burden sharing should be more in accordance with the real economic abilities of the member states. The UN agencies should be streamlined and tailored to the present situation.

But the most serious threat to the United Nations and our ability to respond to global challenges is that the organization is on the verge of bankruptcy. Too many member states do not pay their assessed contributions, either in full or on time.

We cannot allow the UN to go limping into the next 50 years.

UN agencies and voluntary humanitarian organizations. UN member nations should create a network of collaborating bodies at the national level, coordinated by the UN, assuring that necessary supplies and lifesaving equipment are available at short notice.

The credibility of multilateralism will always depend on the way our financial contributions are managed. The UN's financial crisis must be solved.

At the same time, we need a continuous effort to monitor the use of money, crack down on waste, limit bureaucracy and concentrate our efforts on well-defined priorities.

When we meet in New York this week for the 50th anniversary celebrations, heads of state and government will have five minutes each to express their views. Let us all use those five minutes to say what the United Nations must concentrate on in the future.

It is we, not anyone else, who must take responsibility for the United Nations.

The writers are the prime ministers of Norway, Sweden, Iceland, Denmark and Finland, respectively. They contributed this comment to the International Herald Tribune.

aggressive "optimists." But were they optimistic? The fact is that most sensible Americans will not regret at all that the population has not grown more rapidly than now appears by the official figures. Many, indeed, will deem it a real subject for congratulations. It is high time that further immigration was rigidly restricted to the most desirable.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1895: Swiss Defense

PARIS — [The Herald says in an editorial:] Even Switzerland, the country favored by nature, which enjoys every kind of liberty, has been bitten with a mania of military spirit. There is a Swiss party which dreams of an inordinate military power for the Helvetic confederation, and desires a large increase in the standing army and a centralization of the command. Switzerland, it is true, is far better defended by nature than ever could be by guns. Moreover, the proposed transformation would be so costly that it would be necessary to borrow to carry it out.

### 1920: U. S. Census

PARIS — [The Herald says in an editorial:] The exact total of the census enumeration of the people of the United States of America, at last made known, is 105,683,108. This is more than four million less than the previous estimates of ex-

### 1945: De Gaulle Vote

PARIS — Widespread returns in the first French national elections in nine years indicated early this morning [Oct. 21] that the French electorate was voting overwhelmingly in favor of a new constitution for France. French voters also were recording confidence in General Charles de Gaulle and his government, as there also was a large affirmative vote on the second proposition of the national referendum which would pave the way for the return of the De Gaulle government to power.

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SPONSORED SECTION

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# WORLD TRAVEL SHOPPING

## MAINTAINING GLOBAL GROWTH IN A CHANGING WORLD

*A the demographics of tourism evolve, retailers' strategies evolve with them. Trans-Atlantic and trans-Pacific travel patterns are carefully studied.*

The \$60 billion world travel shopping industry, which comprises purchases made by international travelers outside their countries of origin, continues to blossom.

"The world travel shopping business will easily be worth more than \$90 billion by the end of the decade," predicts Ingve Bia, president of Swedish-based Generation Publications, the most authoritative statistical monitor of the travel shopping trade, and publisher of *The World of Travel Shopping*. Growth in Europe will average about 10 percent annually, while Asian sales are expected to increase about 10 percent a year.

The amount of shopping expenditure is obviously closely linked to growth in overall passenger traffic.

Traffic between Europe and Asia rose by more than 10 percent between 1980 and 1993; Britain, Germany and France are the most important gateways.

In the other direction, European travelers went to Japan, Thailand, Singapore and India. Trans-Pacific traffic, which increased by just under 10 per-

cent, is still dominated by Japan and the United States.

### Relevant statistics

In addition to an increase in the number of travelers, economic cycles and changing consumer habits play a role in the outlook for the robust business. And destinations are a key factor in travel shopping trends. There are definitely boom and bust areas.

Future growth is pegged to statistics like those that show that only 10 percent of the Japanese population and 0.1 percent of the population of China currently travel abroad. Emerging nations like Indonesia, Thailand, Vietnam and India are expected to show increased purchasing power.

"There is significant latent growth potential in the travel market because it can satisfy new consumer expectations," says Hughes Dussaux of Parfums & Beauté International.

Some statistics are startling. During the first three months of 1995, travel shopping expenditure increased by almost 50 percent in South Korea compared with the same period in 1994.

Other destinations are becoming less popular, often because of weak currencies or political unrest. Among countries losing traffic last year were Angola, Morocco, Indonesia, Austria, Spain and Switzerland.

### Cross-border flurry

Prices and taxes also influence travel patterns.

The disparity in taxes within Europe, despite the launch of the single market in January 1993, led to a flurry of cross-border shopping for a variety of goods, not only tobacco and alcohol products but also clothes and even services like dental treatment.

One key area of the global tourism and travel shopping sector is duty- and tax-free shopping, which accounts for almost one-third of world travel shopping expenditure.

Purchasing flows and trends in the duty-free business often mirror expenditure in the overall travel market.

"The high spending by Japanese travelers is starting to fade across the board," says Mr. Bia, "but increased travel by the Taiwanese and Koreans,

coupled with increased intra-Asian travel, are compensating factors."

A variety of trends - pertaining to travelers, shoppers and interstate commerce - are evident. These range from innovative presentations and lightweight products to completely new shopping outlets and shopping methods geared to travelers.

### The next generation

The threat of removal of intra-European duty-free in 1999 has European retailers scurrying to find other means to raise revenue from international shoppers. Airports like Frankfurt are complementing duty-free with what they call "travel value shopping." Schiphol Airport in Amsterdam has a plaza outside the airport with over 30 shops operated by High Street retailers.

Some retailers, such as Piaget, prefer to concentrate on markets such as the Paris and Hong Kong airports because their merchandise is naturally at the higher end of the scale.

"We prefer not to be mixed in at duty-free counters with other merchandise - we like to have at least a corner

### DUTY- AND TAX-FREE MARKETS

(in millions of \$)

	Airports	Airlines	Ferries	Other	Total
Europe	3,264.0	906.3	1,961.7	2,929.8	9,061.8
Americas	1,310.6	151.9	7	2,050.6	3,513.8
Africa	59.4	30.9	1.0	64.3	155.6
Asia & Oceania	2,652.6	452.1	-	2,164.0	5,268.7
Total World	7,286.7	1,541.1	1,963.5	7,208.8	18,000

Source: TFWA

apart," says Francis Gouten, general director of Piaget.

Next-generation malls are sprouting. Cité Europe near the Channel Tunnel has created a pan-European aura with different countries represented in a wide range of goods and services. Electronic shopping includes not only on-line services but also touch-screen catalogues.

Established brands and products are expected to maintain a solid slice of the business.

"A strong brand image in the right environment and at the right price will create value, demand and consumer

satisfaction," explains Clive Carpenter, international duty-free director for Hennessy Cognac.

### Heterogeneous clientele

But retailers will have to keep on their toes.

"Travel is diversifying, and you now have all kinds of travelers from every nation and economic bracket," says Herbert Diehl, managing director of Heinemann Brothers in Frankfurt, which operates a variety of retail outlets. "Consequently you need to feed all their desires in a wide variety of shops." Joel Stratte-McClure

## PALACE INTRIGUE: THE EXHIBITION HALL

*The Palais des Festivals has agreed to expand its space, but delays are frustrating industry professionals.*

Cannes - The 11th Tax Free World Exhibition (TFWE), which gets underway this morning with a conference called "Visions of Retailing," is second only to the Cannes Film Festival as a revenue-earner for this Mediterranean seaside city of 70,000 people.

The annual trade show, whose theme this year is "Touch the Future," assembles almost 6,000 buyers, agents, operators, distributors and other representatives from some 140 countries. More than 500 luxury-goods companies create product displays that reflect the market and mirror the trends in the global duty-free business.

The event, now commanding twice as much space in the sprawling seaside Palais des Festivals as it did in 1985,

has expanded spectacularly. The TFWE is so popular that it has outgrown the space available in the festival hall, and this year a tent-like extension, called Palm Village, has been erected in front of the Palais.

### Negotiations take place

The clout of the TFWE organization is such that the city of Cannes agreed to add major extensions to the convention facility, at a cost of at least \$25 million, to keep the TFWE from moving to Barcelona. The city promised that a major extension would ultimately add a total of 11,000 square meters (13,155 square yards) to the Palais, half of it to be completed in time for the 1996 show.

Indeed, TFWE executives decided to keep the event in Cannes after the city agreed not only to extend exhibition space in the Palais des Festivals but also to control exhibition prices, work with hotels and restaurants to improve the quality/price ratio, develop new hotel projects, redevelop the port to allow the docking of large cruise ships and resolve numerous logistical problems.

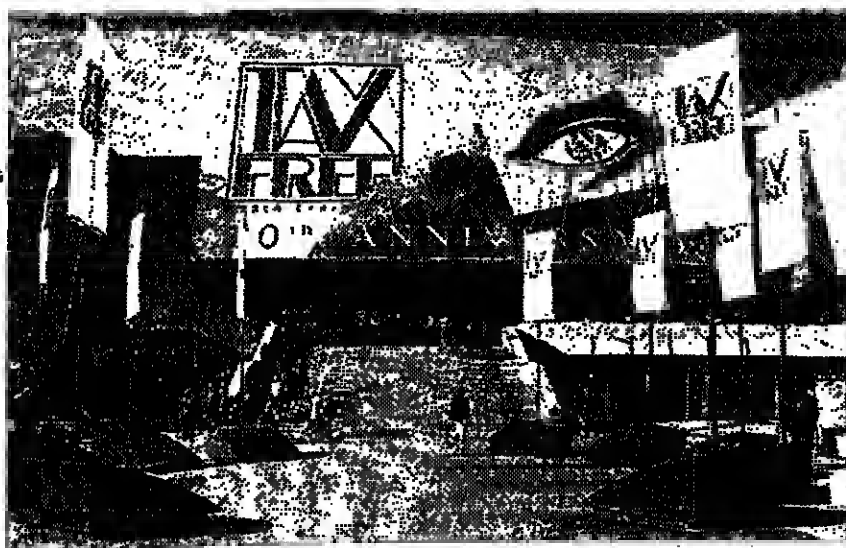
Cannes has hosted the TFWE for 10 of the past 11 years, and its concessions maintained a lock on the event on a year-to-year basis. Everyone this side of Barcelona seemed pleased.

Unfortunately, Cannes will not be able to deliver the promised exhibition space on schedule. Construction work at the Palais has not yet started and will not be completed for the 1996 TFWE. The city admits it will have to construct a temporary structure south of the Palais for next year's show.

"We will be forced, much to our regret, to put in a temporary structure because bureaucratic and administrative problems have delayed construction on the permanent site," explains Gilles Cima, deputy mayor in charge of tourism. "But we respect our promises to the TFWE and will do everything we can to keep tax-free in Cannes."

The new timetable does not please event organizers.

"We feel we shouldn't change a winning team like Cannes and TFWE," says Elysabeth Blachais-Catoire, secretary general of the Tax Free World Association, which organizes the event. "But we must seriously continue to evaluate other venues because of accommodation and space limitations." J.S.M.



The Tax Free World Exhibition ranks second only to the annual Film Festival in Cannes.

## DISTINGUISHED SPEAKERS AT THE PODIUM

The "Visions of Retailing" conference that opens the Tax Free World Exhibition (TFWE) in Cannes today kicks off a week of topical discussion that will include debate on almost every issue affecting the global duty- and tax-free business. Speakers at this morning's conference include representatives of the world's largest duty-free retailers.

Myron (Mike) Ullman III, chairman and chief executive officer of the San Francisco-based DFS group, will be speaking via a pre-taped video. Harvey Lipsith, chairman and chief executive officer of Allders International, will join Catherine Querne, deputy director of onboard services at Brittany Ferries, on the podium in the Palais des Festivals this morning.

"We are particularly delighted that three such distin-

guished members of the industry will address the conference audience," says Erik Juul-Mortensen, vice president of marketing for the Tax Free World Association (TFWA), which organizes the five-day TFWE. "This will be the first time that Mr. Ullman has addressed the industry since taking over the reins at DFS, and his views will be of great interest to us all."

"Allders's ongoing and rapid expansion guarantees a substantial contribution from Harvey Lipsith," continues Mr. Juul-Mortensen, "while Catherine Querne's experience as a successful independent operator will be of particular appeal to many of the smaller companies in the audience."

A panel discussion will follow the conference, and speakers will take questions from the floor. J.S.M.

### "WORLD TRAVEL SHOPPING"

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## WORLD TRAVEL SHOPPING



A dazzling blue and gold geometric pattern decorates one of the two new duty-free shopping areas in the Abu Dhabi Airport.

## ABU DHABI AIRPORT IS STEEPED IN LUXURY

Full-fledged brand-name stores have replaced counters offering a few items. These are "stores within the shop."

There is an inspiring look to Abu Dhabi's Duty Free Shopping complex, which this year celebrates its 10th anniversary. To mark the occasion, it has introduced a new style of nine luxury brand shops at the lounge level of the terminal at the international airport. The shops are open to arriving, transit and departure passengers — who numbered 2 million during the first six months of this year.

The new concept of leading brand-name shops, which include Bally, the Tie Rack and Swatch, is to introduce the idea of a "store within the shop." Mohamed Mounib, general manager of Abu Dhabi Airport Catering and Duty Free since its inception, says he has a very clear idea of what the duty-free complex should be doing now and in the future.

"It is not just a question of having more space, but also of providing a service for our customers so that we can offer them top-class specialized products. We want to open the door for more products like shoes, spectacles, golf equipment and lingerie."

**Pioneers in the field**  
He said the idea of introducing some of the world's leading brand names to Abu Dhabi was an innovation for the Middle East.

"We are among the first to negotiate agreements with these companies, and we now have a commitment both to

ourselves, the companies and the customers. The reaction in the first month has been completely reassuring. Our passenger customers are asking us, 'What have you done?'

The answer, Mr. Mounib explains, has been to provide added value in terms of service to something that had partly existed before with some of the

## Today's shops are not franchise operations.

brand names. The difference now is that there is a shop devoted to a brand name and not just a label behind a counter stocking a few items. Today's shops are not franchise operations.

"We manage them, we staff them and we tell the companies what we want from them in terms of stock and supplies. For example, there is the Bally shop, but it is run by us, not by Bally. We are pioneering brand-name shops in the Middle East in the same way that we pioneered the concept of an arrivals duty-free shop, which has now been copied by everyone else."

Another one of the new brand names is Hanro lingerie. In two adjacent fashion shops, there are retail areas for Benetton, Blue Drake and Dornieul, Lanvin, Givenchy and Hermès.

Some of the other new outlets are on the lower level, which has been the traditional duty-free area. Two years ago, a major refurbishment began, and changes are constantly being made. The recently introduced outlets include a computer shop that sells hardware and software and provides technical advice, as well as boutiques selling Cartier and Yves Saint Laurent products.

**Space added**  
Another significant improvement is additional space for passengers, including open-plan shops with walkways on the upper level. This will help create a more comfortable shopping environment, especially for transit passengers who have limited time and who represent about 50 percent of the passengers using the airport. The best-selling items among transit customers are gold for Europeans (especially Germans), followed by electronics and beverages.

Mr. Mounib expects the new shops to help boost this year's revenue by as much as 20 percent, to an expected target of more than \$80 million. He is also responsible for running the duty-free operation at the emirate's other international airport at Al Ain, which has been open for less than a year. Mr. Mounib's next step? To start planning the duty-free operation for Abu Dhabi's new terminal, whose construction will begin next year.

## A DYNAMIC TRIO IN THE MIDDLE EAST

Abu Dhabi, Bahrain and Dubai are the region's giants.

Every year, there are certain predictable improvements to many of the international airports in the Middle East Gulf region as it competes for more airline and passenger traffic and better tax-free shopping facilities.

Abu Dhabi, Bahrain and Dubai are no exception, especially when it comes to the duty-free shops and the creation of a more comfortable environment for passengers. There is now a new look to Abu Dhabi, the only emirate to have two international airports. Bahrain offers an even wider choice of value-for-money items — and it has a pianist in the departure lounge. At Dubai, the number of raffle cars now totals more than 475.

Another form of promotion that has attracted international attention is Abu Dhabi's "Hard Cash" raffle offer. So far, \$27 million in cash has been distributed to the lucky winners.

Just two years ago, a completely revamped duty-free complex was opened at Bahrain, where sales for the first half of this year have increased by 26 percent, to \$19.6 million. The biggest increase was a 74 percent rise in sales in the music department, which has one of the largest stocks of audio and video tapes and CDs.

"Continued importance is placed on customer service and product knowledge through intense training of our sales staff," says John Sutcliffe, general manager of Bahrain Duty Free.



Duty-free sales in the Bahrain Airport have increased by 26 percent.

To emphasize this strategy, the adopted slogan for the year is "the customer is king."

## Above and beyond the call of duty

One recent example: A customer bought his loved one a \$40,000 Rolex watch but, because of a last-minute business commitment, could not present the new watch himself. Instead, a member of the duty-free staff flew to Malaysia and presented the watch to the lucky woman.

A commitment to service and the provision of good value for money have been the overriding concerns of all the leading duty-free shopping complexes.

Michael Frenchman

## THE ELECTRONIC WAY TO SHOP ABROAD

On-line shopping offers some advantages over catalogue browsing. For example, a user can model a tie.

Shopping the world by catalogue has recently been complemented by electronic shopping on the information superhighway. Cybershoppers check out offerings simply by surfing the Internet, crawling the World Wide Web or perusing private services like CompuServe or America Online.

"Consumers are beyond buying just flowers and CDs on-line and now purchase big-ticket items after downloading photographs, product descriptions and price details," explains Stephen Lake, senior vice president of Reuters New Media, noting that 8 percent of U.S. homes now use on-line services. "On-line will replace catalogues eventually because interactivity enables a user to model a tie or have a virtual reality visit to a new home. The business is just beginning to take off."

The products available on-line vary from computers, software and pizzas (a not-too-successful endeavor because it is still easier to telephone an order) to houses, horses and travel services. Companies selling products range from J.C. Penney and Brooks Brothers to Ford and Air France.

**A trip to the mall**  
Electronic malls — with names like The Shopping Expressway, Cyberspace Malls International, Internet Shopping Network, Internet Shopkeeper, Home Shopping Network, Product Net and Internet Shopping Galleria — are everywhere on the superhighway. There is also DreamShop, MCI Marketplace, 2Market (which has a compatible CD-ROM), As Seen on TV and Bargain Finder, which finds the best price

among a number of on-line music stores.

## Interactive marketplace

One of the latest on-line services is On Sale, an interactive marketplace where "prices and availability vary instantly in response to your actions."

Continual warnings about the financial insecurity of electronic networks and the inadvisability of communicating personal financial details on-line, has hampered growth of on-line shopping, but that too is changing.

"The issues of security and encryption are being dealt with very rapidly," says John Clippinger, president of Boston-based Context Media. "Transactions will increase dramatically once 'digital money' becomes widespread."

J.S.M.

## 'MERCURIES' AND 'TRAVELERS' ARE KEY

The duty-free industry is banking on a third of the world's flyers, who travel often and know what they want.

Air travelers may be the world's most desirable customers. They have money, they have time on their hands, and they are a growing segment of the retail market.

But not all air travelers are alike, explains Mike Burke, director of research for the Center of Advanced Communications International (CASI) in Paris. Of the five groups of travelers identified by CASI — stay-at-homes, straight arrows, scouts and guides, travelers and mercenaries — the latter two, representing 34 percent of flyers, are key to the future of duty-free retailing.

**Professional flyers**  
"Travelers," who represent 18 percent of all flyers, are executives, entrepreneurs

and businesspeople. They are used to flying and value efficiency and convenience over cost savings. "Mercuries," about 16 percent of the airport population, are executives, engineers and salespeople. They are an intelligent, extravagant group that like to pamper themselves.

**Back to basics**  
Bob Knowles, the retail director for British Airport Authority (BAA), notes that the most demographically desirable consumers make up 60 percent of Heathrow's traffic, as opposed to 23 percent in the domestic British market.

For these consumers, time is more precious than money. The result is that they are increasingly stocking up on

basic supplies like toothpaste, shaving cream and health-care products rather than — or in addition to — the luxury purchases one might expect. Because of exchange-rate differentials, these items can cost the same or less than they do in a hometown supermarket, especially for the Japanese. So the airport duty-free becomes a mobile shopping mall — even for basics.

## Opportunities to seize

This phenomenon is in direct contrast to the decline in traffic and sales reported by domestic shopping malls, whose customers are bored, burned-out and burdened by time constraints. Mr. Burke suggests that duty-free retailers take advantage of their captive audience, who

have the inclination and ability to spend and the time to do it.

A second opportunity, he claims, lies in exploiting the huge demand for services by these travelers. "Once you have your customer's credit card," he says, "you have his or her name. You can propose leisure products or services — a CD, a book, a club membership."

Both "mercuries" and "travelers" should be treated as individuals, "not as herds storming through an airport," says Mr. Burke. He points out that conservative duty-free retailers often think of themselves as competing with discounters when their target audience is in fact quite a different breed.

Claudia Filis

## THE NEW LUXURY MARKET FOCUSES ON CONVENIENCE, AMBIENCE AND VALUE

The Frankfurt Airport offers shoppers countless specialty boutiques with brand names at fair prices.

Heinemann Brothers has been managing duty-free outlets and other retail stores at the Frankfurt Airport for almost 25 years. Blue and yellow EU-colored signs tout the current Heinemann slogan, "Follow Me to Duty Free," and there are a variety of "Star Buys" highlighted by a single star from the European Union flag.

## Shoppers of every stripe

"You find everything under one roof at Frankfurt airport, which is a virtual city, with 35 million passengers a year and more than 50,000 employees," says Heribert Diehl, managing director of Heinemann Brothers and one of the most colorful spokesmen for the duty-free trade. "Because of the population mix, we need different shops to cater to a huge, diverse marketplace. Frankfurt is a combination of luxurious boutiques reminiscent of Bond Street, the Faubourg Saint-Honoré and Madison Avenue but also contains standard supermarkets, pharmacies and two sex shops (there used to be six)."

A year ago, Heinemann Brothers inaugurated a vast complex in Frankfurt's new terminal. Located immediately after passport and security checks, the store is called "Travel Value Shop and Duty Free." It includes a walk-in humidor and designer boutiques featuring names like Cartier, Pi-

aget, Baume & Mercier, Dunhill, Ferragamo, Chloé, Dupont, Nina Ricci, Hermès and other luxury brands. There is a specialty corner featuring free makeup consultations; tobacco, liquor, chocolate and perfume are also sold in a concentrated area.

## Posh terminals

"We offer travel value shopping first and duty-free shopping second," explains Mr. Diehl, whose company is involved in duty-free operations in Germany, Portugal, Spain and the United States.

"For many of our customers, duty-free simply provides an attractive price to get them into our stores; for others, it is just convenient shopping in a luxurious environment," he adds.

Another revamped duty-free store at Frankfurt opened in Terminal One in 1993, and the long lines at the six checkout counters indicate its popularity. Organized around 26 alcoves, or mini-boutiques, the outlet features Swatch, Dunhill, Porsche Design and other well-known brands. The terminal also has a POSH (Port Out, Starboard Home) store that offers Hermès, Ferragamo, Lanvin and similar brand-name goods.

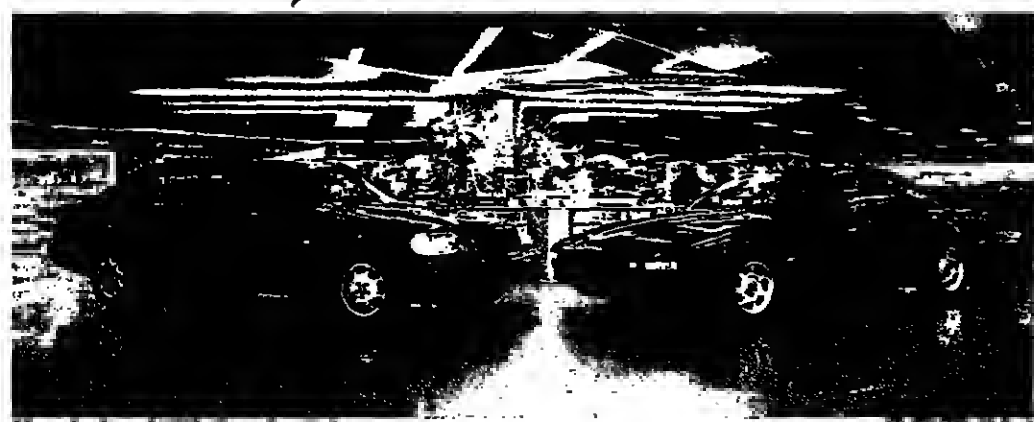
"We believe in branded merchandise, which we personalize in different ways — in boutiques, on shelves, in our

J.S.M.

DUBAI DUTY FREE

drives the

WORLD



Mercedes Benz, S 500L, Almandine Red

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Irish from Limerick, Ireland,  
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Mercedes S 500L

**461st Winner**  
VAJRA K. WIJAYAWARDENA  
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Sri Lankan from Colombo,  
winner of a red  
BMW 850 Ci

**462nd Winner**  
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Mercedes Benz SL-500

For further information please call Dubai (9714) 2062433 or Fax (9714) 244455



## WORLD TRAVEL SHOPPING

DUBAI SELECTORS  
HAND-PICK ITEMS

High quality is the most critical consideration.

The public face of an airport duty-free shop is glittering lights, elaborate displays and a gentle hum of expectation as passengers seek out the best value for money among the fashionable boutiques or shelves laden with electronic goods and cameras. But behind the sophistication and elegance is another world of management and business, where the search for increased sales and better service is unending.

At the award-winning Dubai International Airport's Duty Free Shop, Colm McLoughlin, general manager, has a back office team of 160 people supporting the 390-shop floor sales staff. With an expected \$160 million turnover by the end of the year, keeping up to date with changing demand and fashions is a finely tuned art when up to 60,000 items have to be kept on sale at any one time.

#### Enviably position

Archie Sharma, senior manager of purchasing and research, has been keeping the duty-free shelves stocked for the last 12 years with the items that sell. Arguably, she has one of the most enviable jobs in the world as an international shopping supremo for whom money is almost no object. She hardly blinks an eye when she tells you about how much gold she might buy (the duty-free sold more than 1,000 kilos in the first six months of this year).

"I will sometimes look through 2,000 or 3,000 kilos of gold jewelry in a Dubai warehouse before picking out 100 kilos of jewelry that I know we can sell, and this is quite likely to cost me \$1.5 million," says Ms. Sharma. She did not say whether or not she used a gold Visa card.

Her small office is stuffed with everything from the latest



The purchasing department, part of the 160-person network that works behind the scenes supporting the 390-person sales team.

guidebooks on the Greek Islands to samples of Christian Dior's newest fragrance, Dolce Vita. She sees a constant stream of agents and salespeople touting their wares. "I suppose I see an average of 25 a week, but I always have one day completely free so as to keep up with the paperwork."

She listens patiently to each visitor's sales pitch. Her overriding concern is that each item be of a certain quality, "and it has also to fit in with the existing merchandise." Ms. Sharma considers the feasibility of a new item, taking into account the wholesale price and final mark-up for shop price, but cost is not always an issue. If she approves of the product, it will get a three-month trial.

But how does she know what to select — is there a secret formula?

"No. You do have to have a gut feeling, of course, but over the years we find that experience teaches us what sells best. Then there are the changing demands from passengers. We look around the world to see what are the best-selling items in other shops. ... I like to see what is coming onto the market, whether it is new books, fragrances or new trends in fashions: for instance, are men's ties to be 9.5 centimeters or 10 centimeters long?"

Adjacent to her office is the purchasing and stock control room where an army of workers operates banks of computer terminals.

#### International staff

Quality of service has always been one of Mr. McLoughlin's overriding considerations since the first day of opening. The sales staff represents about seven different nationalities, almost entirely from Southeast Asia and the Indian subcontinent.

According to Anita Mehra Homayoun, senior manager of marketing and public relations, the staff took part in 560 different training programs last year, including product information courses with manufacturers and suppliers.

It all contributes to that magic word — "service" — that has become so important to Dubai Duty Free.

M.F.



Archie Sharma, senior manager of purchasing and research.

## TFWA PRESIDENT SHARES HIS VISION

Jacky Paquet, the international commercial development director at Rémy Martin, has been the president of the Tax Free World Association (TFWA) since 1993. In the following interview, he speaks about the importance of the organization and its role in the duty-free business.

**What was the original purpose of the TFWA?**

The organization was founded in 1985 to respond to the need of the world's duty-free trade to bring together all the international luxury product manufacturers and suppliers. "By the trade, for the trade" has been our motto since the outset. Today our members — and there are 500 of them — come from every country and produce some 3,000 different branded products. We have just created a new logo, which we think reflects our mature, dynamic and increasingly international standing.

**How important is the TFWA association to the duty-free business today?**

Both shows enable our members to display and launch their latest products, as well as provide a global gathering point for meetings and business with other sectors of the duty-free trade, like retailers and operators. They are particularly useful get-togethers for smaller companies and operators from more remote parts of the world.

**It seems that Cannes has gotten too small for the TFWA.**

It is unfortunate that the city will not be able to meet the initial 1996 deadline to extend the conference facilities, because there is a natural synergy between the glamorous image of Cannes and the prestigious image of the TFWA. The principle of extending the

Duty-free is an \$18 billion business, and our members represent almost all the products responsible for these sales. The industry looks to the TFWA for information, advice, and networking through a variety of methods of communication, from road shows to conferences like that in Cannes this week.

**What is the purpose of your annual trade shows, the Tax Free World Exhibition (TFWE) in Cannes and your annual Tax Free Asia Pacific exhibition in Singapore in May?**

Our future vision is to offer an even better and more wide-ranging service to our members. We will continue to improve the quality of the events in Cannes and Singapore and keep looking for additional activities that can benefit our members. Obviously, we are listening to various suggestions from different people in the business.

**There are numerous associations fighting for the prolongation of intra-European duty-free after 1999. What are their chances of success?**

We absolutely support the continuation of intra-European Union duty-free and provide whatever assistance we can. I think that it is worth putting a great deal of effort behind the fight to continue duty-free because of its economic importance. I hope the real economic figures will ultimately convince politicians in Brussels of the necessity of maintaining duty-free for intra-European travelers. Interview by J.S.M.

## BOUTIQUES THAT CULTIVATE THEIR IMAGE

Upscale retailers seek to give their branches in airports an attractive — and easily recognizable — look.

The Italians call it "bella figura" (a good appearance). It would be wrong to dismiss this as a Latin predilection for style over substance: image is actually a market-tested, quantifiable element in the sales equation.

Benetton built its success, in part, on this fact.

"The concept of the store is just about as important as the product," Luciano Benetton has often maintained, and he hired an architect early on to give his stores a recognizable look.

Today, the concept of monobrand boutiques and "stores-within-a-store," sporting similar fittings, colors and signage, is commonplace.

Airport locations are no exception. In 1991, Heathrow decided to bring brand-name or specialist shops into the airport. These currently include both recognized re-

tailer names (Harrods, Selfridges) and luxury brands (Ferragamo, Bally, Scotch House). Aquascutum has a "boutique corner" within a shop as well as its own free-standing store.

David Smith, duty-free manager for Aquascutum, emphasizes the importance of the freestanding store "as a window for our products."

He notes that his company is refurbishing its flagship store in downtown London and its Heathrow store at the same time. "The two must have a comparable look," he says.

**What's in a name?**

Philippe Nicolas, export manager for Neuhaus chocolates, also cites the importance of image consistency. "We aren't always able to utilize our full 'look,' but we always insist on our

company's green color and our official logo."

He has found that having a brand-name counter for the sale of chocolates in bulk makes a big difference in sales. "Having a Neuhaus counter has upped the sales of our prepackaged boxes in duty-free," Neuhaus has two bulk counters each in the world's two biggest airports for confectionary items — Brussels and Amsterdam — and is planning counters at Heathrow and Scandinavia.

Spanish airports include such brand-name shops as Bally, Ermenegildo Zegna, Lacoste, Virgin and Tie Rack. Paris airports have a number of cosmetic brands with their own corners.

**Categorical imperative**

The approach at Abu Dhabi is slightly different. Boutiques are category-specific

rather than brand-specific. Mohammed Mouh, general manager of Abu Dhabi Duty Free, explains that when he saw customer response to brand identification in European and Far Eastern airports, he decided to emphasize category identification in an elegant environment. "For example, our new ties and scarves boutique is not a Tie Rack. It sells 16 different brands, but in one shop."

Last month Heathrow introduced a similar grouping of 15 cosmetic houses, and the Beauty Center outperformed sales estimates within days of its opening. The brand may be king of the duty-free industry, but for time-pressed travelers, often a clear-cut category may be all the image that's needed to have a "bella figura."

C.F.

FRAGRANT SPRITS AND FRAGRANCES  
WITH SPIRIT WILL DEBUT AT CANNES

New offerings for the fall season promise to make the TFWE conference a sensual experience.

Some of the most heralded product debuts at Cannes will be new fragrances. Estée Lauder's new perfume, Pleasures, wafts in on the coattails of two press bonanzas: the first public offering of its parent company and the private travails of its featured model (Elizabeth Hurley, girlfriend of pleasure-seeking Hugh Grant).

**European accent**  
Dior goes Italian with Dolce Vita. Lancôme has created Poème, and Cartier is launching So Pretty. Hermès will be promoting 24 Faubourg, named after the address of its flagship boutique on the Faubourg Saint-Honoré in Paris.

Escada rolls up the curtain on Acte II (and on a new line of accessories), while Lalique offers a limited edition of Nu in a crystal flask that could well upstage the bottle's contents. Not to be outdone, Joy, the self-proclaimed "costliest perfume in the world," is now available in a Baccarat bottle.

**Fresh colors**  
Perfumer's Workshop hopes to make a splash with its Watercolors, packaged in coral and yellow. Eau Belle is a cool, "blue" fragrance developed by Loris Azzaro. From the blue of the Caribbean, La Perla will float its new scent, Io, in Cannes.

**Masculine appeal**  
Male scents have not been ignored. Jean Paul Gaultier will follow up on his women's perfume — with its striking bottle of a curvaceous female torso — with Le Mâle, contained in what has been described as "a highly graphic masculine version." Yves Saint Laurent introduces Opium Pour Homme, the men's equivalent of his 18-year-old classic for women. Bulgari previews its full men's fragrance line at the show, preceding a global launch next spring. Hugo debuts from Hugo Boss; it is a younger scent than its predecessor Boss (and one

wonders where the next name will come from).

#### High spirits

As for the bottled potions more likely to be imbibed than inhaled, Georges Monin is reintroducing a tropical spirit distilled from lime peels that first made its appearance in 1913. Monin Original all but disappeared during Prohibition in the U.S., but it will be seen again this year at Cannes.

Hennessy is launching a cognac exclusive to duty-free outlets — Nostalgie de Bagnole. The quality of this extra is high and the price (around \$175) is low, relatively speaking, to encourage a return to this declining market.

For Cognac Otard, the price of its 200th Anniversary Crystal was less important than the prestigious birthday it celebrates: only 800 bottles of this \$2,000

crystal decanter will be produced.

#### Zany vodkas

The growing vodka category will see some new entries from France's Boisset. They are offering 1822 Vodka in four tasty flavors (as well as a "pure" version): rose petal, orange, lemon, and cola. Spirits and fragrances may be converging at last!

C.F.

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## WORLD TRAVEL SHOPPING

## A TOUR OF SOME TOP WORLD AIRPORTS

**Hawaii**  
Honolulu, where individual travelers spend an average of almost \$110 each, compared with just over \$22 at London Heathrow, is the world's number-two duty-free location, with annual sales of over \$400 million. Visitors might be surprised that such a relatively small airport accounts for such stupendous figures – until they realize that most customers make purchases downtown at stores run by DFS, the world's largest duty-free operator.

**London**  
The British Airport Authority, which runs seven airports, has succeeded in making most of its properties look like shopping malls. BAA's specialist retail stores feature names like Austin Reed, Harrods, Thomas Pink and Hamleys Toys. Harrods has "rooms of luxury" that feature Dun-

hill, Gucci, Yves Saint Laurent, Cartier, Christian Dior and other designer brands.

**Amsterdam**  
Fighting a trend? Schiphol Airport – which pioneered duty-free as a lure for travelers in the 1950s and is now the world's sixth-largest duty-free shop with annual sales of \$274 million – has spacious shops boldly labeled with generic names like "Gifts," "Perfumes," "Leather Travel" or "Flowers" rather than boutiques promoting brand names.

**Rome**  
Rome, ranked 30th in the duty-free sales hierarchy, has an improved duty-free environment that includes signs in Japanese. It has a candy-filled "Sweet Factory," convenience counters by Swatch and other companies, the vast walk-through La Galleria with alcoves featuring all the top

names in fashion and a "Made in Italy" fashion center. As at other airports in Europe, there is a window where travelers can apply for refunds on tax-paid purchases made downtown through the "Tax Free for Tourists" program.

**Singapore**  
Changi Airport, like downtown Singapore, is a travel shopper's paradise and now ranks fourth in the world with annual sales of \$310 million. International visitors are increasing, and both terminals feature shops enabling passengers to purchase duty-free goods on arrival as well as departure.

**Kenya**  
Kenya Duty Free, which operates shops in Nairobi airport and other locations in East Africa, is about to complete its massive rehabilitation of the Moi International Airport in Mombasa. Mombasa will feature the popular "duty-free on wheels" concept for last-minute shoppers, a raffle of luxury cars and a duty-free "Kwaheri Shop" in first-class lounges.

**Nice**  
The next airport that visitors to the Cannes Tax Free World Exhibition will see is Nice, ranked 109th among the world's shops with annual sales of \$21 million.

Like many European airports, Nice now has separate tax- and duty-free shopping areas for passengers from countries adhering to the Schengen agreement. Unfortunately, the intra-European Union passengers – between France, Germany, Belgium, Spain, Luxembourg, Portugal, the Netherlands and Switzerland – have fewer duty-free shopping facilities in Nice than passengers traveling to other countries. J.S.M.

## LOBBYING TO SAVE EUROPEAN DUTY-FREE

Industry leaders are working to preserve the benefit, or at the very least extend the deadline for its demise.

A menacing cloud is hovering over European duty-free, which represents more than 50 percent of the world's duty-free trade.

The intra-European business – which accounts for about \$4.3 billion in annual sales and provides substantial employment, revenue and product promotion – is scheduled to disappear on July 1, 1999. Barring a policy reversal, shoppers traveling within the European Union will no longer be able to purchase items at airport, downtown, ferry or in-flight duty-free and tax-free shops.

The European duty-free trade, which includes six of the world's top 10 outlets, hardly relishes the prospect of losing approximately half its total sales. Consequently, numerous business associations and lobbying organizations are challenging the Brussels directive and arguing for a permanent reprieve for duty-free or an extension similar to that obtained when the intra-EU trade was last scheduled to disappear in 1993.

**Privilege or right?**  
The trade leaders argue that they should legally be entitled to sell goods to travelers free of value-added tax and excise duty within the single market, at least until there is a single fiscal jurisdiction in Europe.

Winning the uphill battle will require a combination of influence by the various associations, high-level pressure from key European governments and perhaps even a pan-European consumer lobby to persuade Brussels institutions – like the European Commission, which has long contended that duty-free "is a privilege, not a right," and the European Parliament – to acquiesce.

"The threat of abolition is a threat

**The current system keeps fares down and investment up'**

that we must counter collectively, not individually," says Frank O'Connell, chairman of the Brussels-based International Duty Free Confederation (IDFC), the body that successfully lobbied to extend duty-free shopping following the creation of the European single market.

"During the next 12 months, three principal activities will occupy the IDFC: market research, building political contacts and building support with-

in the wider industry," adds Mr. O'Connell.

Other important lobbying bodies fighting for duty-free include Airport Council International, the International Association of Airport Duty Free Stores and national organizations like AFOHT in France. AFOHT will present a white paper on the extension of duty-free at the Cannes conference this week.

One of the latest bodies formed to help save European duty-free is the European Travel Research Foundation (ETRF). Its mission is to provide data to the lobbyists, national associations and interest groups.

"Passengers enjoy the benefits of duty-free, and it seems churlish to cut this benefit when the harmonization of duties within the European Union is a long way off," says ETRF chairman Barry Gibson. "We would like to see the continuation of this system because it helps keep fares down and investment in new facilities up."

This effort, like others, has the support of the Tax Free World Association (TFWA).

"We greatly welcome this initiative, which we see as vitally important in the effort to retain the intra-EU duty-free system after 1999," says Elysabeth Blachais-Catoire, secretary general of the TFWA. J.S.M.

## SHOPPING TRIPS ON LAND, SEA AND AIR

Airports by no means have a monopoly on duty-free sales: other outlets are holding their own in sales.

Most people associate duty-free shopping with airports, where 40.5 percent of the industry's \$18 billion in sales were made in 1994. But almost as many sales – 40 percent – were rung up last year in the least-known (for Europeans) venue of tax-free commerce, the category that includes in-town duty-free shops, military bases, free ports in the Caribbean and elsewhere and other land-based, non-airport outlets.

In-town stores offer the convenience of normal retail shopping with the advantages of tax-free purchases. Customers show their tickets or provide information about their flights when they buy, and their purchases are waiting for them after the passport control areas when they are ready to board their planes. The offer is particularly appealing in Asia and Oceania, where tax-free items are significantly cheaper than those available locally.

"In-town shops are potentially bigger

than airports," says David Smith, duty-free manager for Aquascutum. "They are huge in Korea, Australia and Japan." Some duty-free operators are reportedly looking for department-store-sized spaces in Seoul. Although the profit margins are similar to those at airports, the volume can be far greater because of the selling space available.

**The sales sail on**  
Less important channels for the duty-free industry are ferries and cruise ships, with 10.9 percent of total sales in 1994, and in-flight sales, with 8.6 percent. The ferry business in Europe survived a major threat this year with the opening of the Eurotunnel. Ferry companies braced for a major decline in traffic and attendant duty-free sales, but experienced the opposite. Publicity surrounding the opening of the tunnel resulted in a 22 percent increase in fer-

ry passengers in the first half of 1995, and several of the cross-Channel carriers are now planning to expand their sailings or fleets in the near future.

Profit margins on ferries are high, with the staples being the duty-free classics: liquor and tobacco. Other product categories are less in evidence because ferry traffic is not seen as an upscale market.

In-flight sales are an attractive addition to airline revenue, but selection is limited by severe space and weight requirements. The choice is therefore restricted to a few top-selling items in the most sought-after categories.

Sales in all four duty-free channels increased last year over 1993, with airport shops reporting the largest jump of almost 12 percent. In-flight sales improved by 2.6 percent, ferries by 4.5 percent and in-town stores by 1.4 percent. C.F.

## AWARD NIGHT: 'AND THE WINNER IS ...'

The Frontier Marketing Awards, now in their tenth year, celebrate recognition by the trade to the trade.

They are the "Oscars" of the duty-free industry, awarded each year at a gala dinner during the Tax Free World Exhibition in Cannes. This year, the Frontier Marketing Awards will make their 10th annual appearance on Wednesday evening, October 25.

"While the TFWA bears the logo 'by the trade, for the trade,' the Frontier awards could be described as 'to the trade, from the trade' in light of the recognition of excellence among industry members by their peers," says Carolyn Londer, editor of Frontier magazine, which originated the program.

To mark a decade of growth and transformation in the duty-free industry, the Frontier Awards have introduced some innovations for 1995. The entry procedure was simplified to encourage maximum participation from the industry, the number of categories was enlarged to reflect greater emphasis on retail operations, and the awards are now sponsored to make the awards evening "bigger and better than ever before," says Ms. Londer.

The blue-ribbon panel of judges is drawn from all sectors of the industry. Companies that are represented on the panel are not allowed to compete for prizes. Nominations can be made in up to eight categories: airport retailer of the year, in-flight/marine retailer of the year, best marketing campaign of the year by a retail-

er, best marketing campaign of the year by a supplier, tobacco retailer of the year, liquor retailer of the year, fragrance and cosmetics retailer of the year, and star product of the year.

Specific recognition for tobacco, liquor and cosmetics represents a change from previous years, notes Ms. Londer. The winners in last year's competition were: Wild Turkey as star product, Silk Cut as best marketing campaign by a supplier, Virgin Atlantic as best in-flight/marine retailer, British Airport Authority (BAA) as best retail marketing campaign, and DFS as airport retailer. Aer Rianta for Shannon Airport received a special merit award. C.F.



The Frontier Marketing Awards have made some innovations for this year's ceremony.

## The Nominees and Judges

The nominees for 1995's Frontier Awards are: Abu Dhabi Airport Duty Free, Aer Rianta Dublin, Air UK, Airport Fine Foods, Aldeasa, Alpha Retail Trading, AT Cross, Attwood & Sawyer, British Airport Authority (BAA), Bahrain Duty Free, Bally Group (UK), Berry Bros. & Rudd, Canadian Airlines International, CD Service, Delta Airlines by In-flight Duty Free Shop, Dubai Duty Free, Duty Free Mexico, Duty-Free Philippines, Gabr. Heinemann, Gulf Air Duty Free Division, Harveys of Bristol, Hoverspeed, In-flight Trade Services, Jakk Opals, Kraft Jacobs Suchard, Misaki Pearls, Niagara Duty Free Shops, Nuane

Trading, P & O, Russ Berrie, Stana Line Service, Stana Sealink, Virgin Atlantic Airways, Weinauer Group.

The judges for 1995 are: Denise Wong, in-flight sales and amenities manager, Cathay Pacific; Richard Ward, sales manager, international division, Imperial Tobacco, Canada; Nicholas Ratut, vice president and chief operating officer, Adipar; Kim Kristensen, purchasing and marketing manager, Color Line Service Partner; Phil Cushtway, chief executive, World Brands Duty Free; and Van Taylor, senior vice president, sales promotion and store design, DFS Group.

## THE DISCOUNTING DEBATE CONTINUES

Does the duty-free market offer the lowest prices? Industry leaders – and consumers – weigh the evidence.

The battle of the duty-free business against discounting was one of the major themes at the inaugural Tax-Free Asia Pacific Association Conference in Singapore last May, which attracted 234 exhibitors and 2,400 professional visitors.

Discounters, who have thin margins and fight fiercely for market share, can enable world travel shoppers to buy goods on the domestic market for less than they would pay in duty-free shops, which in theory price articles at least 15 percent lower than the local market does.

Yet some argue that duty-free is still the place to find the best prices.

"Duty-free is the king of the discounters," says Adrian Murray, chief executive officer of Downtown Duty Free in Sydney. "The duty-free habit is so strong among Australians because they know they are getting the sharpest prices and the best discounts."

Others, especially consumers, are not so sure. Members of the duty-free trade continually debate

whether consumers believe they are paying fair prices at duty-free outlets.

**Supply side**  
Some duty-free operators blame suppliers for providing discount stores with goods and trying to force higher recommended retail prices on duty-free operators. Others accept discounting as a fact of business life to be countered by offering

value and convenience to the traveler.

"We can't fight discounting, but we give our customers what they want at prices they find acceptable," explains Heribert Diehl, managing director of Heinemann Brothers, which operates numerous duty-free outlets at Frankfurt and other airports.

Others in the business argue that discounting can be

combated with sound marketing techniques.

"Shoppers are looking for reassurance and convenience rather than bargains," says Clive Carpenter, international duty-free director for Hennessy Cognac. "Product, price, placement and promotion are what enable duty-free to romance the purchaser. Discounters cannot initiate any of this romance." J.S.M.

## Duty-Free Exclusives

The duty-free market provides retailers and manufacturers with the opportunity to reinforce brand names and product presence as well as to provide gifts and items specifically geared to the traveler.

"Exclusive products provide innovation, excitement and creativity while maintaining a price benefit," says Phil Cushtway, chief executive officer of World Brands Duty Free.

Many suppliers and retailers, from chocolate and cognac manufacturers to fragrance and cosmetics firms, now produce exclusive duty- and tax-free products.

Camus Cognac continues to generate the majority of its revenue from sales in duty-free shops, often encouraging purchases with new bottles and packaging. Another hot-selling tax-free item is perfume boxes that contain small bottles of well-known fragrances.

**Local color**

There has also been an explosion of local gift items available in duty-free shops: in Rome, a store sells Italian artifacts; in Fiji, stores promote local handicrafts; and in Nice, a variety of sweet-smelling products from Provence is on offer. J.S.M.



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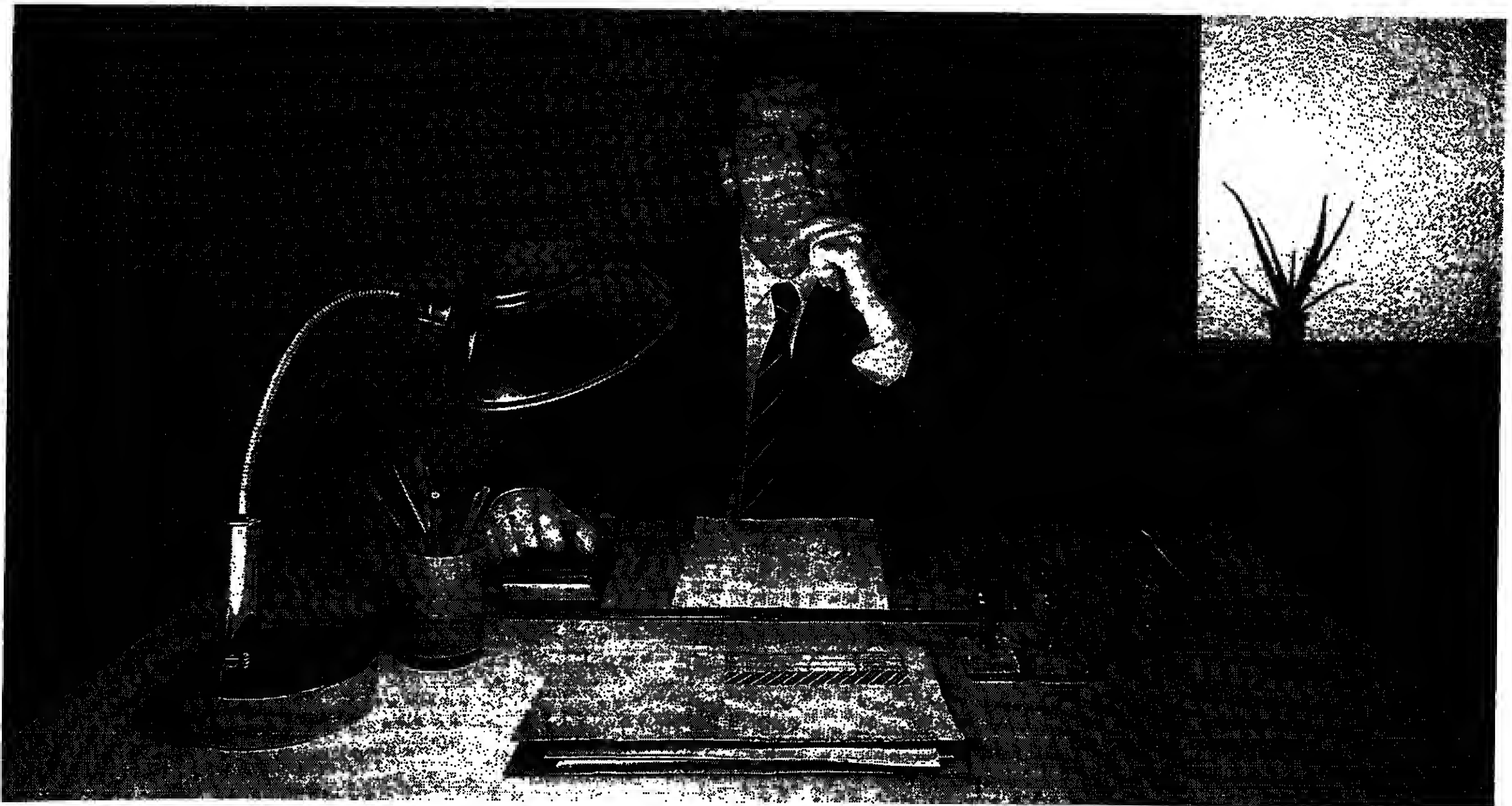
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## CAPITAL MARKETS ON MONDAY

## New International Bond Issues

Compiled by Laurence Desvillettes

Issuer	Amount (millions)	Mat.	Coups %	Price	Price and week	Terms
<b>Floating Rate Notes</b>						
Export-Import Bank of Thailand	\$100	2000	0.15	100	—	Over 6-month Libor, Noncallable, Fees not disclosed, (DKB Asia)
MBNA Master Credit Card Trust II	\$452.5	2000	0.17	100	—	Over 1-month Libor, Noncallable, Fees 0.275% (Merrill Lynch & Co.)
Merita Bank	\$100	2005	0.35	99.94	—	Interest will be 0.35 over 3-month Libor until 2000, when issue is callable at par, thereafter 1.10 over. Fees 0.50%. Denominations \$10,000. (Lehman Brothers Intl.)
Student Loan Marketing Association	\$750	2004	0.575	100	—	Over 91-day Treasury bills, Average life 22 years, Also \$215 million of notes due 2007 and paying 1% over. Fees not disclosed. (Goldman Sachs Intl.)
Société Générale	\$150	2005	0.35	99.815	—	Over 3-month Libor, Noncallable, Fees 0.45%. Denominations \$10,000. (Solomon Brothers Intl.)
St George Bank (Australia)	\$300	1998	0.15	99.92	—	Over 3-month Libor, Noncallable, Fees 0.15%. Denominations \$10,000. (UBS)
First National Building Society	£175	2000	1/4	99.90	—	Over 3-month Libor, Noncallable, Fees 0.22%. Denominations 100,000 punts. (ABN-AMRO Bank)
People's Construction Bank of China	¥1,200	2002	3/4	100	—	Over 3-month Libor, Noncallable, Fees 0.42%. Denominations HK\$1 million. (HSBC Markets)
<b>Fixed-Coupons</b>						
Abri	\$100	2003	12	100	—	Semiannually, Redeemable at 99.50 in 1998, Fees 0.025% (Chase Investment Bank)
Deutsche Bank Finance	\$200	1998	5.75	101.067	99.82	Reoffered at 99.82, Noncallable, Fees 1.16% (Morgan Grenfell)
Generale Electric Capital Corp.	\$200	1998	5.75	100.951	99.83	Reoffered at 99.74, Noncallable, Fees 1.16% (Morgan Grenfell)
Hokkaido Electric Power Co.	\$200	2000	6 1/4	101.483	99.84	Reoffered at 99.83, Noncallable, Fees 1.16%. Denominations \$10,000. (Yamachi Intl.)
Merrill Lynch & Co.	\$200	2000	6 1/4	101.38	98.88	Reoffered at 99.65, Noncallable, Fees 1.16% (Merrill Lynch Intl.)
Ontario	\$200	2000	5 1/4	100.36	—	Semiannually, Noncallable, Fees 1.16%, Denominations \$10,000. (Nomura Intl.)
Public Power Corp.	\$150	2000	7 1/4	99.99	—	Noncallable, Fees 0.875% (Wartburg)
Société Générale	\$200	2005	6 1/4	99.80	—	Noncallable, Fees 0.45%, Denominations \$10,000. (Solomon Brothers Intl.)
African Development Bank	DM 300	2002	6 1/4	101.014	99.72	Reoffered at 99.56, Noncallable, Fees 1.16% (Crescent Bank)
Argentina	DM 500	2002	10 1/2	101	—	Reoffered at 99.2, Noncallable, Fees 2.14% (CSFB Effectenbank)
Bank Austria	DM 200	1998	5	101.36	—	Noncallable, Fees 1.80% (Crescent Bank)
Crédit Local de France	DM 300	2000	5 1/4	102.07	99.85	Reoffered at 99.82, Noncallable, Fees 2.14% (SBC Warburg)
Deutsche Ausleihbank	DM 500	2002	6 1/4	101.41	99.80	Reoffered at 99.74, Noncallable, Fees 2.14% (Morgan Grenfell)
DSL Finance	DM 250	1999	5 1/4	101.175	100.78	Reoffered at 99.65, Noncallable, Fees 1.16% (Barclays de Zotte Wadd)
Hewlett-Packard Finance	DM 300	2000	5 1/4	101.075	—	Reoffered at 99.72, Noncallable, Fees 2.14% (Solomon Brothers Intl.)
NordLB Finance	DM 100	1998	5 1/4	101	—	Noncallable, Fungible with outstanding issue, raising total amount to 500 million marks. Fees 0.125%.
Rabobank Nederland	DM 500	2000	5 1/4	101.348	99.80	Reoffered at 99.61, Noncallable, Fees 2.14% (Goldman Sachs Intl.)
Coöperatieve Schepers	£150	2000	8	100.894	—	Noncallable, Fees not disclosed. (NatWest Capital Markets)
South Wales Electricity	£150	2000	9 1/4	101.305	—	Reoffered at 99.23, Callable at par from 1998, Fees 2.14% (UBS)
BNG	DM 500	2001	6	101.4	99.75	Reoffered at 99.83, Noncallable, Fees 1.16% (SBC Warburg)
Nederland Waterschapbank	DM 300	2005	6 1/4	100.875	99.85	Reoffered at 99.30, Noncallable, Fees 2.14% (ABN-AMRO Bank)
European Investment Bank	€1,200,000	2000	10 1/4	100.84	97.88	Noncallable, Fungible with outstanding issue, raising total amount to 700 billion lire. Fees 1.16% (I&I Bank)
Greece	DM 95,000	2002	11	100.36	—	Semiannually, Noncallable, Fees 0.50% (Mitsubishi Finance Intl.)
Argentina Global Finance	¥10,000	1998	1.1	100.187	—	Noncallable, Fees 0.1875%, Denominations 100 million yen. (Nomura Intl.)
Elefros	¥10,000	1998	5.38	99	—	Redeemable at 99 in 1997, Fees 1% (Daiwa Europa)
Peñabrus	¥15,000	1998	5 1/4	100	—	Noncallable, Fees 1%, Denominations 10 million yen. (Nomura Intl.)
Suedwestdeutsche Landesbank	¥10,000	2015	—	100 1/2	—	Interest will either be 5.00% payable in Australian dollars, or 5.35% payable in marks, or 4.60% payable in dollars. Noncallable, Fees 0.50%. Denominations 100 million yen. (Nomura Intl.)
<b>Equity-Linked</b>						
Checkpoint Systems	\$105	2005	5 1/4	100	—	Semiannually, Noncallable, Convertible at 33 1/3% per share, or 34.10% premium. Fees 2.14% (NatWest Securities)
Kelvin Electric Express Railway	\$250	1999	3 1/4	100	—	Noncallable, Each \$10,000 note with two warrants, exercisable into company's shares at an expected 2 1/2% premium. Fees 2.14%. Terms to be set Oct. 25. (Yamachi Intl.)
Sumitomo Srix	\$200	1999	2 1/4	100	—	Noncallable, Each \$10,000 note with one warrant, exercisable into company's shares at an expected 2 1/2% premium. Fees 2.14%. Terms to be set Oct. 30. (Nomura Intl.)

## Political Woes Buffet Bond Market

By Carl Gewirtz  
International Herald Tribune

PARIS — A destabilizing cocktail of political uncertainty in much of Europe mixed with jitters over the stability of Japanese banks is unnerving the foreign-exchange market and upsetting bond markets.

The only positive aspect amid this gloom is that, at least so far, it is only money that is moving. That is good news because speculators, even though they can mobilize huge sums of money, are fickle and can be stampeded into reversing positions.

But the situation is still fluid, and it remains to be seen whether the speculators are driven out before the move they have initiated becomes self-sustaining with investors adjusting their portfolios. Evidence that investors are not yet in the game was seen in last week's performance of the Swiss franc — a traditional haven for private investors — which declined 0.9 percent against the Deutsche mark.

The rush into the mark occurred in near-liquid activity, traders said. Nevertheless, Paul Chertkow, a London-based analyst at Union Bank of Switzerland, warned that unless the mood was altered "the market is setting itself to test" how far up it can push the mark.

The mark ended last week at a 33-month high against the yen, an 11-week high against the lira and a two-month high against the dollar and sterling.

"Each currency has its own reasons to decline," said John Llewellyn at Lehman Brothers in London. "In a period of extreme nervousness, the mark is the only currency that no one has anything to say against."

The political crisis in Italy and growing troubles in France and Britain were high on the list of explanations for why the hot money was moving. In addition, comments from Hans Tietmeyer, the president of the Bundesbank, extolling the virtues of a strong currency and concern from Alan Greenspan, the chairman of the Federal Reserve Board, about rising U.S. wage settlements were interpreted as supportive of the mark.

Concerns about Japan were also disturbing the market. News that the Fed was prepared to exchange its cash for U.S. assets held by the Japanese government to provide emergency dollar liquidity for Japanese banks failed to reassure the market and instead fueled rumors that the banks were already dumping dollar-denominated Eurobonds.

Paper was being sold, but analysts attributed this to technical conditions — a squeeze in the securities repurchase agreement market that dramatically raised the cost of hedging bond positions. Rather than pay for the hedge, inventory was unloaded.

Analysts agree that markets are extremely nervous. Moreover, the experts do not know where to look for reassurance.

A reduction in U.S. interest rates would revive the market for U.S. bonds but is unlikely at least until the U.S. government and Congress agree to a substantial reduction in the federal deficit — a move that, at best, is still some weeks away.

A cut in German interest rates could help reduce the attraction of the mark, but it is unclear whether the Bundesbank would act after recent data showed a rebound in money-supply growth.

Ulrich Beckmann at Deutsche Bank Research in Frankfurt said he doubted that the central bank was overly concerned about money supply, which remains well within the official target range. But he saw little chance of a cut until the central bank "sees the effect" of the tax cuts scheduled to be introduced early next year.

Mr. Beckmann said experience had shown that the final rate cut in an easing policy is almost always one too many. "The Bundesbank is dragging its feet now trying to avoid that mistake," he said.

But if the official floor and ceiling rates are unchanged, Mr. Beckmann said he expected the Bundesbank-directed money-market rate to ease toward 3.80 percent from its 4.03 percent.

Another option open to central banks to reassure markets is to intervene in the currency market. But analysts question whether the United States would be eager to participate in a move to strengthen the

dollar while it is trading at 100.35 yen.

Another possibility would be for the Bundesbank to open up the Bank of France in fighting off speculation on the franc. The French currency was very much on the sidelines last week. The French franc ended trading at 3.5165 per mark, better than its weakest level of 3.5202 francs but not as strong as the French would like to see it.

Meanwhile, a significant development in the bond market last week was a decision by the German futures exchange to widen the basket of paper acceptable for delivery against the five-year futures contract from the September 1996 contract onward. Government bonds originally sold with a 10-year maturity but having only six years left to redemption will now be deliverable.

The move is expected to iron out the kink in the German yield curve where five-year yields have been kept artificially low because of the inadequate supply of paper available for settling the futures contract. After the change, the yield on five-year government paper rose to 5.426 percent from 5.395 percent, and Frankfurt bankers said they expected to see the yield drift up to 5.55 percent and the spread between yields on five- and six-year paper to narrow to 35 basis points from 50 basis points.

But by ironing out the wrinkle in the yield curve, the move is also expected to wipe out the arbitrage that has attracted so many borrowers to issue five-year Eurobonds.

Issuers have been able to swap their liabilities into floating-rate obligations at a cost below the interbank rate, the wholesale cost of money to banks.

**Peru Sees Debt Restructuring**  
President Alberto Fujimori of Peru predicted over the weekend that the country would reach a "spectacular" debt restructuring accord by the end of the year with creditor banks that were owed about \$8 billion, Reuters reported from Lima.

Mr. Fujimori said he was optimistic that Peruvian officials and bank negotiators, who are to resume talks in New York on Monday, would reach an agreement soon.

## Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Oct. 20. Prices supplied by Teletel.

Rkt	Name	Cou	Maturity	Price	Yield
<b>Austrian Schilling</b>					
125	Austria	6 1/2	04/20/95	99.350	4.920
205	Austria	7 1/2	10/18/94	104.430	7.300
219	Austria	7 1/2	01/24/95	103.350	7.260
<b>Belgian Franc</b>					
232	Belgium	10	03/02/99	114.500	8.500
<b>British Pound</b>					
84	Avril Group	8 1/4	10/04/92	98.000	8.390
221	Tovato Motor	7 1/2	12/22/97	103.580	7.400
222	Nth Amer Corp	8 1/4	11/17/93	91.250	9.060
<b>Canadian Dollar</b>					
220	Canada T-bills	zero	11/30/95	92.712	11.380
221	IFC	zero	09/15/90	70.000	7.530
223	Canada	9	12/01/94	109.250	8.290
<b>Danish Krone</b>					
1	Denmark	7	12/15/94	94.400	7.400
11	Denmark	8	08/15/94	103.200	7.700
12	Denmark	7	08/15/97	101.800	4.700
17	Denmark	9	11/15/90	107.500	8.400
20	Denmark	7 1/2	01/25/95	104.600	4.400
41	Denmark	0	05/15/93	101.900	7.300
38	Denmark	0	11/15/91	103.400	7.400
35	Denmark	zero	07/22/92	97.400	7.200
14	Denmark	6	12/18/97	97.800	4.100
190	Denmark	7	11/10/94	94.700	8.300
113	Denmark	9	11/15/94	103.200	8.200
117	Denmark	9	11/15/92	103.100	8.200
<b>Dutch Guilder</b>					
19	Netherlands	6 1/4	07/22/95	102.200	4.700
21	Netherlands	7	07/22/95	102.200	4.700
22	Netherlands	7	07/22/95	102.200	4.700
23	Netherlands	7	07/22/95	102.200	4.700
24	Netherlands	7	07/22/95	102.200	4.700
25	Netherlands	7	07/22/95	102.200	4.700
26	Netherlands	7	07/22/95	102.200	4.700
27	Netherlands	7	07/22/95	102.200	4.700
28	Netherlands	7	07/22/95	102.200	4.700
29	Netherlands	7	07/22/95	102.200	4.700
30	Netherlands	7	07/22/95	102.200	4.700
31	Netherlands	7	07/22/95	102.200	4.700
32	Netherlands	7	07/22/95	102.200	4.700
33	Netherlands	7	07/22/95	102.200	4.700
34	Netherlands	7	07/22/95	102.200	4.700
35	Netherlands	7	07/22/95	102.200	4.700
36	Netherlands	7	07/22/95	102.200	4.700
37	Netherlands	7	07/22/95	102.200	4.700
38	Netherlands	7	07/22/95	102.200	4.700
39	Netherlands	7	07/22/95	102.200	4.700
40	Netherlands	7	07/22/95	102.200	4.700
41	Netherlands	7	07/22/95	102.200	4.700
42	Netherlands	7	07/22/95	102.200	4.700
43	Netherlands	7	07/22/95	102.200	4.700
44	Netherlands	7	07/22/95	102.200	4.700
45	Netherlands	7	07/22/95	102.200	4.700
46	Netherlands	7	07/22/95	102.200	4.700
47	Netherlands	7	07/22/95	102.200	4.700
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67	Netherlands	7	07/22/95	102.200	4.700
68	Netherlands	7	07/22/95	102.200	4.700
69	Netherlands	7	07/22/95	102.200	4.700
70	Netherlands	7	07/22/95	102.200	4.700
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74	Netherlands	7	07/22/95	102.200	4.700
75	Netherlands	7	07/22/95	102.200	4.700
76	Netherlands	7	07/22/95	102.200	4.700
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78	Netherlands	7	07/22/95	102.200	4.700
79	Netherlands	7	07/22/95	102.200	4.700
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84	Netherlands	7	07/22/95	102.200	4.700
85	Netherlands	7	07/22/95	102.200	4.700
86	Netherlands	7	07/22/95	102.200	4.700
87	Netherlands	7	07/22/95	102.200	4.700
88	Netherlands	7	07/22/95	102.200	4.700
89	Netherlands	7	07/22/95	102.200	4.700
90	Netherlands	7	07/22/95	102.200	4.700
91	Netherlands	7	07/22/95	102.200	4.700
92	Netherlands	7	07/22/95	102.200	4.700
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95	Netherlands	7	07/22/95	102.200	4.700
96	Netherlands	7	07/22/95	102.200	4.700
97	Netherlands	7	07/22/95	102.200	4.700
98	Netherlands	7	07/22/95	102.200	4.700
99	Netherlands	7	07/22/95	102.200	4.700
100	Netherlands	7	07/22/95	102.200	4.700



CYBERSCAPE

# Microsoft Is Banking On a Fee-Filled Future

By Jon Friedman  
Bloomberg Business News

NEW YORK — If you think Microsoft Corp. already has an impact on the lives of computer users, wait until you see this. Michael Cusumano, co-author of the new book "Microsoft Secrets," says the software giant is contemplating a new system of service and pricing — a transaction-based, fee-for-service system that may revolutionize the future of the software industry as profoundly as Microsoft's products have revolutionized its past.

The idea has enormous advantages for the Redmond, Washington-based company, Mr. Cusumano said Friday. Under the new system, Microsoft could charge "transaction fees" to millions of its customers, just as banks and brokerage firms do.

**For each service, each customer would have to pay — if only pennies.**

The key is to lure people into using and paying for Microsoft services in every part of their daily lives — from personal banking to personal computing, from spreadsheets at home to home shopping. The latest news, sports and weather, the best route to the beach or to Bangkok. In short, Microsoft would be all things to all customers.

One big advantage for Microsoft in this opportunity-pricing is that the company can lock in customer loyalty. Mr. Cusumano said. This would reduce its vulnerability to downturns in the computer industry, the worldwide economy or even customer acceptance of its latest software package, like the much-ballyhooed but not yet fully accepted Windows 95 operating system.

In the early 1980s, securities firms tried to market investment, banking, insurance and mutual funds directly to individuals, who had always bought the financial products from separate companies specializing in such services. The concept of unified marketing ultimately failed because Americans were slow to change their lifestyles.

In the brave new world of one-stop on-line shopping for consumers, though, Microsoft would offer them an opportunity to conduct banking and investing directly through Microsoft, not to mention such nonfinancial transactions as ordering videocassettes or the latest rock compact disc, he added.

For each service, each customer would pay — if only pennies. But those pennies would add up.

Mr. Cusumano teaches strategy and technology management at

See MICROSOFT, Page 17

## Countries Dismiss WTO Bid By China

Compiled by Our Staff From Dispatches  
RIPLEY, England — China's terms for joining the World Trade Organization remain unacceptable, the so-called Quadrilateral grouping of Canada, the European Union, Japan and the United States decided this weekend.

"We are agreed that China's joining the WTO is an important objective," the European trade commissioner, Sir Leon Brittan, said. "But we think it has to be done on the basis of acceptance of fundamental rules of the WTO."

Mr. Brittan said the Union had stressed that Beijing could phase in its commitments to joining the world trade group gradually.

"We look now to a further response from China," he said.

Taking part in the discussions were Mr. Brittan, Mickey Kantor, the U.S. trade representative, Ruyutaro Hashimoto, the minister for international trade and industry in Japan, and Roy MacLaren, the foreign trade minister of Canada.

"I think we are all united in supporting China's accession to the WTO," Mr. Kantor said.

"China has to respond to the fundamental rules of the WTO," Mr. Kantor said.

Earlier Saturday, he said that no major trading nation had agreed with China's terms for joining and that the four nations represented at the meeting were deeply concerned about its "failure so far to meet even minimum criteria."

Beijing is seeking to join the WTO as a developing economy, which would allow it softer terms.

Washington has insisted it be admitted as a developed nation and objected to what it terms flagrant violation of copyright laws. The two countries signed a landmark anti-piracy accord in March, but U.S. companies say enforcement has been lax.

"I think we all agree that China needs to be vigorous and focused in terms of responding to the concerns of the many nations who have thus far found Chinese protocols and offers inadequate," Mr. Kantor said.

Washington wants Beijing to open its markets more to imports and is concerned over its widening trade deficit with China, which jumped 18 percent in August to \$3.93 billion.

Mr. Kantor said his talks with Mr. Hashimoto had centered on the November meeting of the Asia-Pacific Economic Cooperation forum, the U.S.-Japanese anti-trade accord reached in June and a dispute between Eastman Kodak Co. and Fuji Photo Film Co. He said he had agreed with Mr. Hashimoto that bilateral relations were at their strongest.

(Reuters, AFP)

## Doubts Deepen on Japan

By Paul Blustein  
Washington Post Service

TOKYO — If the problems plaguing Japan's banking system seemed confusing and worrisome before, they just got more so, after the latest revelations about huge bond-trading losses at the New York branch of Daiwa Bank Ltd. that were disclosed last month.

It is hard to explain why a bank's management would react as Daiwa's apparently did last summer when a maverick trader, Toshihide Iguchi, confessed he had hidden 11 years' worth of trading losses totaling \$1.1 billion.

On Friday in Tokyo, Daiwa issued a startling admission after Mr. Iguchi pleaded guilty to federal charges that implicated Daiwa senior executives in a cover-up.

Yes, Daiwa said, bank executives had directed Mr. Iguchi in July to continue concealing his losses because they "wanted to prevent Iguchi from fleeing," and they needed his help in straightening out records and paying interest on misappropriated bonds.

But even though keeping the scandal hidden may have violated U.S. banking law, "it wasn't a cover-up," the bank said.

Some reports said the bank was even worried that Mr. Iguchi might commit suicide.

The new twists in the Daiwa case have deepened doubts and uncertainties swirling

### Daiwa's Diary

Bloomberg Business News

TOKYO — A former managing director of Daiwa Bank Ltd. has confirmed that he and other bank executives planned to conceal a \$1.1 billion loss until after the end of the financial half-year on Sept. 30, had the scandal not become public beforehand. Hiroyuki Yamaji, who resigned on Oct. 9, indicated Japanese authorities approved of the action.

The ebbing of confidence has been reflected by the significant widening, in the past few days and weeks, of the "Japan premium" — the amount of extra interest Japanese banks must pay to borrow money for short periods. By last Friday, even the biggest and seemingly soundest Japanese banks were being forced to pay as much as half a percentage point more than blue-chip banks from other major countries to raise funds in overseas markets for three or six months.

In essence, analysts said, Japan's chickens were coming home to roost. Its banks have always been allowed to keep details of their financial condition shrouded — the theory be-

See DAIWA, Page 17

## AMD Acquires Rival Chip Maker To Fend Off Intel

By John Markoff  
New York Times Service

SAN FRANCISCO — Succumbing to brutal competition with Intel Corp. to produce the semiconductor that will power the next generation of personal computers, Advanced Micro Devices Inc. will acquire Nexgen Inc. for \$840 million in stock.

The two Silicon Valley chip manufacturers, two of the three chip makers that have remained in the race with Intel to build a sixth-generation microprocessor chip, will now combine their design efforts.

The sixth-generation chip will be able to run computers with multimedia capabilities, such as the ability to show high-resolution video.

Executives for the two companies said Friday that they had signed a definitive agreement under which Advanced Micro plans to acquire Nexgen in an all-stock transaction.

"I think it's a bold move on AMD's part, and Nexgen looks like it has a very good design for

its 686 chip," said Michael Slater, an industry analyst who is the publisher of Microprocessor Report, an industry newsletter. "I think it's clear that Intel is going to continue to be an aggressive competitor. Probably at least 30 percent of the market will be in the hands of its competitors."

The announcement of the planned merger capped a week in which Intel reported a 41 percent increase in third-quarter profit, to \$931 million, and announced plans for a significant expansion of its global chip-making capacity.

Under the agreement, Nexgen shareholders are to receive 0.8 shares of Advanced Micro stock for each share of Nexgen.

Nexgen has approximately 41 million shares of stock outstanding on a fully diluted basis, and its shareholders include Compaq Computer Corp., ASCII Corp. of Japan and Olivetti SpA of Italy. Together, the three company companies control 37 percent of the semiconductor design company.

Those Nexgen shareholders have agreed to vote in favor of the transaction, according to Advanced Micro and Nexgen. The deal is expected to close in the first quarter of 1996.

"We think this is a major event in the chronology of the personal computer industry," said W. J. Sanders 3d, the chairman and chief executive of Advanced Micro. "This is a great deal for the shareholders, customers and employees of both companies."

Though it was a major rival to Intel in the markets for previous generations of chips —

See AMD, Page 17

## Strong Demand for Dutch PTT Privatization

Compiled by Our Staff From Dispatches

AMSTERDAM — The Dutch government said Sunday it sold 100 million shares in its postal service at 55 guilders (\$35.11) each, reducing the state's ownership to below 50 percent.

Demand was strong from domestic and foreign investors, the government said as it reduced its ownership to 48 percent from 70 percent. Royal PTT Nederland NV has wanted the government to trim the stake to enhance its image for overseas expansion.

AMN Amro Bank NV, the lead under-

writer, said demand exceeded 200 million shares and the government had an option to sell 15 million additional shares, which would take its stake to about 45 percent.

"The response from Dutch institutional and retail investors has been particularly good. There has also been broadly based demand from international markets, which have underwritten 45 percent of the offering," the government and Amro said.

The shares closed at 55 guilders on Friday. Trading is to begin in New York on Monday, and the mail-and-communications

company is planning to send a 79-member band to Wall Street, along with 30 Dutch postal workers.

Manish Shah, editor of the "IPO Maven" in New York, said U.S. investors would probably give only a "moderately good" response to the issue, "because about 30 telecommunications companies are privatizing in the next 12 months, that means a lot of supply will be available."

Mr. Shah suggested the upcoming issue of the larger Deutsche Telekom AG would be more popular. (Bloomberg, Reuters)

## BERLIN NOTEBOOK

### A Half of Germany Arises From the Ashes of Communism

International Herald Tribune

With something like \$700 billion worth of cash already pumped into Germany's Eastern Länder, or states, since unification five years ago, how is the former East Germany doing?

At a Berlin conference on the united Germany that was organized by the International Herald Tribune and the Economics Ministry and held last week at the historic Hotel Kempinski, boosters contended quite plausibly that the former East will one day be among the most modern regions in all of Europe, at least in technical and infrastructure terms.

That may be true, but right now much of the former Communist region still has a problem: Despite its amazing transformation since 1990, it does not yet have what economists like to call sustainable growth, meaning self-polluted and reasonably moderate growth that keeps both inflation and unemployment in check.

The major problem, according to Erhard Kantzenbach, who heads the HWWA-Institute for Economic Research in Hamburg, is that growth there is "still largely supported by transfers from the West."

Also, as Mr. Kantzenbach and Economics Minister Günter Rexrodt warned, unemployment in the East is still 13.4 percent and a stubborn 8.3 percent in the West. Germany's 2.5 percent growth rate, while reasonable enough, is not creating jobs on a net basis. The solution? Painful structural reforms like deregulating the labor market. The problem? These take a long time and a lot of political courage.

#### Words of Fear and Hope

Hans Tietmeyer, the president of the Bundesbank, reached for an unusual Italian metaphor in his own analysis of

the economics of German unification. While noting that enormous progress had been made in the Eastern Länder, Mr. Tietmeyer conjured images of Italy's depressed southern region when he warned that "the danger of a mezzogiorno situation arising is not yet altogether averted."

A more cheerful note was struck by Gerd Tenzer, the senior board member from Deutsche Telekom AG who reported on the strides made in restructuring the telephone system in the East. Having started in 1990 with a "desolate infrastructure," he said, Deutsche Telekom managed to install by 1993 as many phone sockets as had been installed between the days of Alexander Graham Bell in the last century and the collapse of the Berlin Wall in 1989.

To date, some 3.7 million connections have been installed in the East, 1.2 million of them in 1994 alone. That,

Mr. Tenzer said, compared with the bad old days of Communism, when the average in the German Democratic Republic was 50,000 a year.

#### After All That, Let's Party

When one has had enough talk of economic growth, transfer payments and telephones, it is time to repair to some of Berlin's trendy new nightspots, whether the art galleries in the former East Berlin or the bars and restaurants all around this reborn metropolis. This correspondent's hot tip? Try Cafe Einstein, where the art crowd is youthful and casual, the schnitzel is excellent and the atmosphere in the high-ceilinged rooms is a pleasant mix of bourgeois service and funky folk.

Alan Friedman

## Turkmenistan Draws Western Energy Firms

Bloomberg Business News

LONDON — Turkmenistan, little known outside its own geographic region, is rapidly developing a high profile in the energy sector, with two big weekend developments involving Western energy companies drawing attention to the former Soviet republic.

Bridas Corp., a Virgin Islands-based petroleum explorer, said Sunday that it had discovered a huge natural gas field in Turkmenistan. Bridas, which already produces gas in Argentina, said the field had estimated reserves of 27 trillion cubic feet of gas and 165 million barrels of condensate, a high-quality grade of crude oil. The field, if it lives up to the company's claims, would constitute a major find. Britain, one of Europe's largest gas consumers, for example, used about 2.25 trillion cubic feet of gas in all of 1994.

Glen Nelle, a Bridas vice president, said the discovery "confirms our belief that Turkmenistan will be a significant energy source into the future."

Turkmenistan is a landlocked central Asian republic bordered by the inland Caspian Sea to the west, Uzbekistan to the north, Iran to the south and Afghanistan to the east.

The new well is located 280 miles (448 kilometers) from the Turkmenistan capital of Ashgabat and is in the center of the Amu-Darya Basin, a large gas-producing region.

Meanwhile, the U.S. oil concern Unocal Corp. has begun a study on an \$18 billion project to transport gas and oil from Turkmenistan across war-torn Afghanistan to Pakistan.

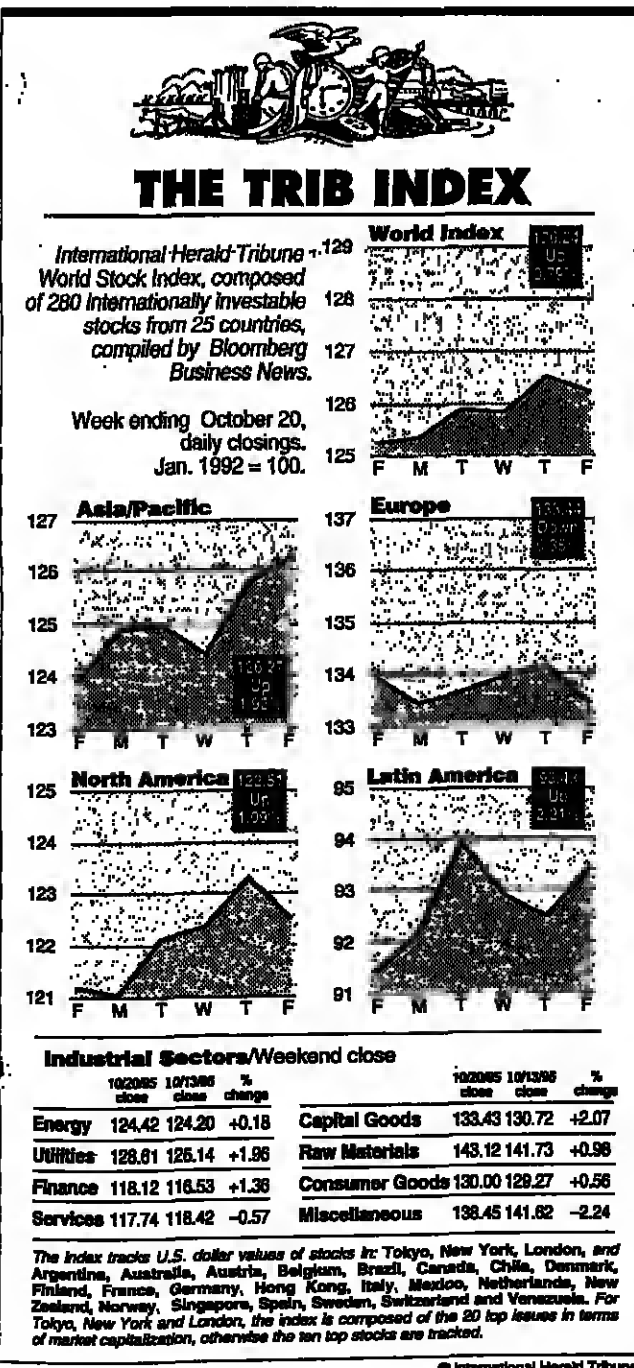
The Los Angeles-based oil company, which is involved in an \$8 billion oil development in nearby Azerbaijan, said the project would unlock huge Turkmenistan gas reserves that the central Asian republic has developed but has not sold.

The proposal is one of several competing to supply energy-starved markets in Pakistan and India and is part of a rush to provide new transport routes for huge hydrocarbon reserves in the former Soviet Union.

Unocal and its partner, Delta Oil Co. of Saudi Arabia, also are betting that a 17-year civil war in Afghanistan can be resolved so that an 800-mile gas pipeline and a separate oil pipeline can be built across the country's mountainous territory.

"We're not going to spend billions of dollars until we've got all the agreements in place," said John F. Imle Jr., Unocal's president. "I'm not saying today's project in Afghanistan is financially viable, but one day, it will be."

Unocal and Delta said they planned to spend \$10 million during the next 12 months on engineering and marketing studies to determine where a pipeline could be built and who would buy the gas.



## CURRENCY RATES

Cross Rates	Oct. 22	Oct. 21	Oct. 20
London	1.0000	1.0000	1.0000
Paris	6.5596	6.5596	6.5596
Frankfurt	1.3660	1.3660	1.3660
Geneva	1.4033	1.4033	1.4033
Amsterdam	1.3660	1.3660	1.3660
Brussels	1.3660	1.3660	1.3660
Madrid	166.637	166.637	166.637
Barcelona	166.637	166.637	166.637
Valencia	166.637	166.637	166.637
Seville	166.637	166.637	166.637
Bilbao	166.637	166.637	166.637
Zaragoza	166.637	166.637	166.637
Other cities	166.637	166.637	166.637

Sources: ING Bank (Amsterdam); Deutsche Bank (Frankfurt); Banca Commerciale Italiana (Milan); Agence France-Presse (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); 1% ISDR. Other data from Reuters and AP.

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HOLIDAY







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City	State	Year	High	Low
Albany	N.Y.	1900	10.0	4.0
Albany	N.Y.	1901	10.0	4.0
Albany	N.Y.	1902	10.0	4.0
Albany	N.Y.	1903	10.0	4.0
Albany	N.Y.	1904	10.0	4.0
Albany	N.Y.	1905	10.0	4.0
Albany	N.Y.	1906	10.0	4.0
Albany	N.Y.	1907	10.0	4.0
Albany	N.Y.	1908	10.0	4.0
Albany	N.Y.	1909	10.0	4.0
Albany	N.Y.	1910	10.0	4.0
Albany	N.Y.	1911	10.0	4.0
Albany	N.Y.	1912	10.0	4.0
Albany	N.Y.	1913	10.0	4.0
Albany	N.Y.	1914	10.0	4.0
Albany	N.Y.	1915	10.0	4.0
Albany	N.Y.	1916	10.0	4.0
Albany	N.Y.	1917	10.0	4.0
Albany	N.Y.	1918	10.0	4.0
Albany	N.Y.	1919	10.0	4.0
Albany	N.Y.	1920	10.0	4.0
Albany	N.Y.	1921	10.0	4.0
Albany	N.Y.	1922	10.0	4.0
Albany	N.Y.	1923	10.0	4.0
Albany	N.Y.	1924	10.0	4.0
Albany	N.Y.	1925	10.0	4.0
Albany	N.Y.	1926	10.0	4.0
Albany	N.Y.	1927	10.0	4.0
Albany	N.Y.	1928	10.0	4.0
Albany	N.Y.	1929	10.0	4.0
Albany	N.Y.	1930	10.0	4.0
Albany	N.Y.	1931	10.0	4.0
Albany	N.Y.	1932	10.0	4.0
Albany	N.Y.	1933	10.0	4.0
Albany	N.Y.	1934	10.0	4.0
Albany	N.Y.	1935	10.0	4.0
Albany	N.Y.	1936	10.0	4.0
Albany	N.Y.	1937	10.0	4.0
Albany	N.Y.	1938	10.0	4.0
Albany	N.Y.	1939	10.0	4.0
Albany	N.Y.	1940	10.0	4.0
Albany	N.Y.	1941	10.0	4.0
Albany	N.Y.	1942	10.0	4.0
Albany	N.Y.	1943	10.0	4.0
Albany	N.Y.	1944	10.0	4.0
Albany	N.Y.	1945	10.0	4.0
Albany	N.Y.	1946	10.0	4.0
Albany	N.Y.	1947	10.0	4.0
Albany	N.Y.	1948	10.0	4.0
Albany	N.Y.	1949	10.0	4.0
Albany	N.Y.	1950	10.0	4.0
Albany	N.Y.	1951	10.0	4.0
Albany	N.Y.	1952	10.0	4.0
Albany	N.Y.	1953	10.0	4.0
Albany	N.Y.	1954	10.0	4.0
Albany	N.Y.	1955	10.0	4.0
Albany	N.Y.	1956	10.0	4.0
Albany	N.Y.	1957	10.0	4.0
Albany	N.Y.	1958	10.0	4.0
Albany	N.Y.	1959	10.0	4.0
Albany	N.Y.	1960	10.0	4.0
Albany	N.Y.	1961	10.0	4.0
Albany	N.Y.	1962	10.0	4.0
Albany	N.Y.	1963	10.0	4.0
Albany	N.Y.	1964	10.0	4.0
Albany	N.Y.	1965	10.0	4.0
Albany	N.Y.	1966	10.0	4.0
Albany	N.Y.	1967	10.0	4.0
Albany	N.Y.	1968	10.0	4.0
Albany	N.Y.	1969	10.0	4.0
Albany	N.Y.	1970	10.0	4.0
Albany	N.Y.	1971	10.0	4.0
Albany	N.Y.	1972	10.0	4.0
Albany	N.Y.	1973	10.0	4.0
Albany	N.Y.	1974	10.0	4.0
Albany	N.Y.	1975	10.0	4.0
Albany	N.Y.	1976	10.0	4.0
Albany	N.Y.	1977	10.0	4.0
Albany	N.Y.	1978	10.0	4.0
Albany	N.Y.	1979	10.0	4.0
Albany	N.Y.	1980	10.0	4.0
Albany	N.Y.	1981	10.0	4.0
Albany	N.Y.	1982	10.0	4.0
Albany	N.Y.	1983	10.0	4.0
Albany	N.Y.	1984	10.0	4.0
Albany	N.Y.	1985	10.0	4.0
Albany	N.Y.	1986	10.0	4.0
Albany	N.Y.	1987	10.0	4.0
Albany	N.Y.	1988	10.0	4.0
Albany	N.Y.	1989	10.0	4.0

Case	Age	Sex	Occupation	Marital Status	Religion	Education	Income	Assets	Liabilities	Net Worth	Summary
1	25	M	Student	Single	Protestant	High School	\$1,200	\$500	\$200	\$300	Low income, low assets, low liabilities, low net worth.
2	30	F	Teacher	Married	Catholic	College	\$2,500	\$1,000	\$400	\$600	Low income, low assets, low liabilities, low net worth.
3	35	M	Engineer	Married	Jewish	College	\$3,000	\$1,500	\$500	\$1,000	Low income, low assets, low liabilities, low net worth.
4	40	F	Nurse	Married	Protestant	College	\$2,800	\$1,200	\$450	\$750	Low income, low assets, low liabilities, low net worth.
5	45	M	Manager	Married	Catholic	College	\$3,500	\$1,800	\$600	\$1,200	Low income, low assets, low liabilities, low net worth.
6	50	F	Homemaker	Married	Protestant	High School	\$1,800	\$800	\$300	\$500	Low income, low assets, low liabilities, low net worth.
7	55	M	Retired	Married	Catholic	College	\$2,200	\$1,000	\$400	\$600	Low income, low assets, low liabilities, low net worth.
8	60	F	Teacher	Married	Protestant	College	\$2,000	\$900	\$350	\$550	Low income, low assets, low liabilities, low net worth.
9	65	M	Retired	Married	Catholic	College	\$1,500	\$700	\$250	\$450	Low income, low assets, low liabilities, low net worth.
10	70	F	Retired	Married	Protestant	College	\$1,200	\$600	\$200	\$400	Low income, low assets, low liabilities, low net worth.
11	75	M	Retired	Married	Catholic	College	\$1,000	\$500	\$150	\$350	Low income, low assets, low liabilities, low net worth.
12	80	F	Retired	Married	Protestant	College	\$800	\$400	\$100	\$300	Low income, low assets, low liabilities, low net worth.
13	85	M	Retired	Married	Catholic	College	\$600	\$300	\$75	\$225	Low income, low assets, low liabilities, low net worth.
14	90	F	Retired	Married	Protestant	College	\$400	\$200	\$50	\$150	Low income, low assets, low liabilities, low net worth.
15	95	M	Retired	Married	Catholic	College	\$200	\$100	\$25	\$75	Low income, low assets, low liabilities, low net worth.

**Continued on Page 19**

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## LANGUAGE

## Funkmanship and the Blahs

By William Safire

NEW YORK — What a funk here is! It is the citation in a slang dictionary of 1998. "What a thick Smark of Tobacco is here!" A century later, Francis Grose, in his Classical Dictionary of the Vulgar Tongue, defined *funk*, from an old Flemish and French dialect verb, as "to smoke, figuratively to smoke or sink through fear."

"The Funkie Butt Boogie" was performed by the jazz great Louis Armstrong, recalling the smell of a cigar butt in a place where blues were played. Thus, *funky* has a long-established meaning of "smelly," with special reference to the smell of tobacco smoke, and is associated with the good and bad times evoked by that smell. But it has another meaning, too, which floated out recently in the smoke-free atmosphere of Air Force One.

"I'm also trying to get people to get out of their funk," President Clinton told reporters on the presidential plane. Alas, one reporter asked, "Get out of their funk?"

To explain what he was getting at, Clinton tried another metaphor: "What makes people insecure is when they feel like they're lost in the house. They're in a room where something can hit them from any direction any time." When this did not seem to sink in, he tried yet another word picture: "They always feel living life is like walking across a running river on slippery rocks and you can lose your footing at any time."

That last simile was especially vivid in evoking a feeling of insecurity, but the journalists were not inclined to admire the presidential metaphors. Almost immediately, the Clinton use of *funk* was compared to Jimmy Carter's 1979 adoption of a memo by his pollster Pat Caddell in which the president's low popularity was blamed on a national *malaise*, or feeling of uneasiness. One pundit observed that the president could not very well use the other synonym, *depression*, a word long taboo at the White House. (One economic aide was told to substitute the word "banana" for that dreaded term.)

Give the Clinton White House credit: linguistic damage control went into action. Within hours after some of us headlined the word, Clinton got off the funkman ship kick entirely. "Funk was a poor choice of words," he announced. "I feel very optimistic about the country," Clinton added, allying himself with a more Reagan-esque than Carter-esque outlook.

"That seemed to put an end to the Funk Monster," the columnist David S. Broder wrote in The Washington Post, covering a presidential meeting with reporters at a breakfast for the columnist Godfrey Sperling Jr. "But Clinton

was taking no chances. As he circled the room, schmoozing with various groups of reporters, he wanted to be sure they got the message. *Malaise* is a state of mind," he said. "A funk is something you can bounce right out of."

A *funk*, noun, has a couple of other senses not connected to the smell of tobacco. One is "fear, panic"; Grose noted in 1785, "I was in a cursed funk." In his 1856 novel, "Tom Brown's School Days," Thomas Hughes gave the word its color: "If I was going to be flogged next minute, I should be in a blue funk." Another, related meaning is "black mood, depression."

I think this is what President Clinton originally had in mind, no matter what he said later to lighten it up. Other meanings abound — the Historical Dictionary of American Slang notes "to flinch," "to back down" and "to fizzle" — but "to be in a funk" usually means to be very gloomy, kicking the cat and muttering oaths. Sometimes, but not often, a red, white and blue funk seems to be the state of the Union.

The president — any president — should be encouraged to use such terms because they enliven our discourse. Clinton has a feel for metaphor; in the same chat with reporters on Air Force One, he referred to the complexity of managing change as "trying to hold 400 Ping-Pong balls in your arms."

Many people see the president in power as an 800-pound gorilla, and the mental picture of an 800-pound gorilla juggling 400 Ping-Pong balls is one that deserves to be hung in the windows of our minds.

And that's not all: on that same funky flight, Clinton revived a term I have never dealt with in this space. To reporters exhausted by early-morning jogging, he admonished, "Don't fall asleep — not fall asleep, but just don't get *blah*."

This is not the *blah* of *blah-blah-blah*, the dialect form of the Latin *cetera* or more precisely *et cetera*, "and on and on and on," leading to the definition of "drivel." This is rather the *blah* of the *blahs*, a state of boredom combined with minor heartburn first used by the manufacturers of Alka-Seltzer in 1967.

The singular *blah* was popularized by Variety in the early '20s: "Pre-Holiday Blah Feeling Gets Into Amusement Stocks." In a verb phrase, as used by Clinton on what may have been his greatest metaphorical day, to go (or get) *blah* is to lose all energy or zest for life, to crumple. "It's what White House pool reporters do at 5 in the morning."

New York Times Service

## The Master Builder of Model Airplanes

By Brad Spurgeon  
International Herald Tribune

MILHARS, France — "When I fly the big airplanes my knees tremble," said Yves Segonds. It has nothing to do with fear of flying for the 57-year-old man who has been in a real airplane only four times in his life. No, he is referring to radio-controlled model airplanes that are piloted from the ground, which he has a passion for building.

His have won prizes from model airplane associations, are imitated by other constructors and have appeared on France's Ushuaia adventure television program. "I like to make airplanes that are different

## Tastemakers

An occasional series about people for whom style is a way of life



from what everyone else does," said Segonds, at his home in the village of Milhars in southwest France.

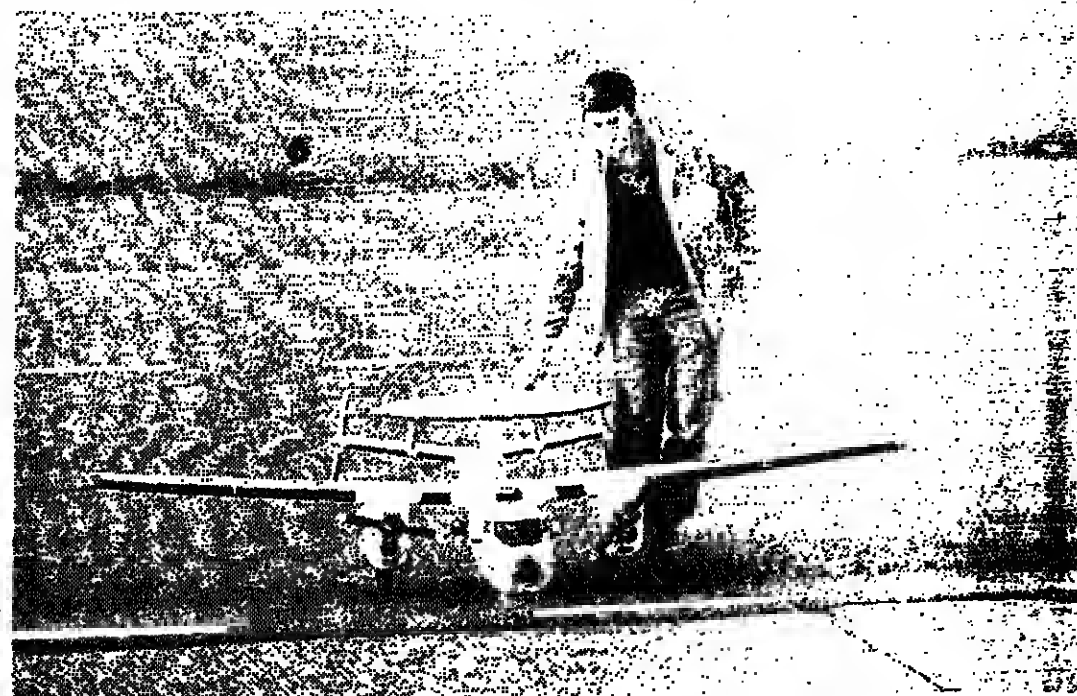
He builds them not from diagrams, but from photographs of the originals. A high point came in 1992, when he built the largest four-engine model airplane in Europe, his Lockheed Orion P-3C, a U.S. land-based maritime patrol and anti-submarine warfare aircraft first flown in 1968. The model weighs 21 kilos (46 pounds), has a wing span of 3.25 meters (about 10 feet), and was timed by the Fédération Française d'Aéro-Modélisme flying at 150 kph (94 mph).

Segonds is proudest, however, of his Grumman E-2C Hawkeye early warning and control aircraft. It is the kind of radar airplane the U.S. Navy used during the Gulf War, with its distinctive round dish above the fuselage. "I've never seen an airplane fly the way that one does," he said of his model, which made the cover of RCM (Radio Command Magazine). "It does rolling, looping, flying on its back for 200 meters, one meter from the ground. But it will not accept engine failure. The moment an engine cuts, it rolls onto its back and dives to the ground." The plane crashed three times and he rebuilt it each time.

He is obsessive about details. The Hawkeye's dish radar rotates during the flight, like the original. His landing gear descends slowly, never just springing out. He builds everything himself, radio control equipment included, and it costs him very little, since he uses anything on hand, like old bicycle spokes for the landing gears. All he buys are the engines and propellers.

Segonds made his first airplane in 1950 from wood of the Aveyron region, where he was born.

"I made a glider from a diagram that I found in a magazine when I was 12. On the first launch it crashed horribly. The wood was far too heavy. I had



Yves Segonds and his E-2C Hawkeye model with its rotating radar dish.

absolutely no idea how to make a model." He buried the idea and went to work in a string of jobs, from which he would pick up skills that would eventually go back to airplane making. Like working with fiberglass when he was foreman at an air conditioning company.

In 1965 he made what he calls his "first true model," the kind attached to cables. "It was made from a kit with pre-cut wood. Then I made one myself from a block of wood that I hollowed."

He continued for a couple more years, then stopped, bringing his wife and four children to Paris where he took a night course in electronics in 1971 in order to build his own stereo equipment. "I learned to make radio controls, then I started making airplanes again in order to put the radio control equipment in them."

He has no idea how many model airplanes he has made. "I know that for three or four years I worked on them for 10 hours a day," he said, in addition to his day jobs.

The watershed year was 1986, when he met René Lempereur, who was president of the model club to which Segonds belonged. Segonds visited him in his atelier and saw on the wall a photograph of the Avtek-400 and offered to build it. "One week later I came with the fuselage under my arm, completed. And so we

started our team. I the constructor, he the pilot." The team lasted until Segonds took early retirement from his day job in 1993, bought a stone house in this village of 300 people, and decided to move from model airplanes to the real thing.

"After I built the biggest model, someone else made a six-engine plane. After that I wanted to make one with 12 engines. Then I stopped because I thought, 'No, it's pointless.' Just to show that I could make one that was bigger than everyone else's."

So he decided to build an airplane in which he could fly himself. He chose an unusual one. It is called the Pou-du-Ciel (literally, Sky Louse/Land was first built in the early 1930s by a French aviator named Henri Mignet. It was one of the first airplanes cheap enough to be built by the common man and was one of the first ultralights, which is the kind of flying permit that Segonds is required to pass to fly it after he finishes the plane this fall.

"I wanted an ultralight that looked like an airplane," he said, "rather than these ugly looking little contraptions out of tubes and canvas. The most interesting part of the construction process for me is the gluing together of pieces of wood."

Will his knees tremble when he flies aboard the Pou-du-Ciel? "I don't think so. It's more for the airplane than for me."

## WEATHER

Forecast for Tuesday through Thursday, as provided by Accu-Weather.

Europe	Today	High	Low	Wind	Forecast
Algeria	22/21	17/13	16/11	16/21	16/21
Amsterdam	15/19	12/13	10/11	11/13	11/13
Antwerp	14/17	11/13	9/11	10/13	10/13
Athens	19/16	13/15	10/11	10/11	10/11
Bamako	18/16	14/17	10/11	10/11	10/11
Barcelona	15/14	10/11	8/11	8/11	8/11
Beijing	15/14	10/11	8/11	8/11	8/11
Bombay	17/12	12/13	10/11	10/11	10/11
Buenos Aires	17/12	12/13	10/11	10/11	10/11
Burkina Faso	17/12	12/13	10/11	10/11	10/11
Burundi	17/12	12/13	10/11	10/11	10/11
Cameroon	17/12	12/13	10/11	10/11	10/11
Cape Town	17/12	12/13	10/11	10/11	10/11
Casablanca	17/12	12/13	10/11	10/11	10/11
Cebu	17/12	12/13	10/11	10/11	10/11
Dakar	17/12	12/13	10/11	10/11	10/11
Dahomey	17/12	12/13	10/11	10/11	10/11
Dallas	17/12	12/13	10/11	10/11	10/11
Dar es Salaam	17/12	12/13	10/11	10/11	10/11
Davao	17/12	12/13	10/11	10/11	10/11
Dhaka	17/12	12/13	10/11	10/11	10/11
Durham	17/12	12/13	10/11	10/11	10/11
Edinburgh	17/12	12/13	10/11	10/11	10/11
Florence	17/12	12/13	10/11	10/11	10/11
Frankfurt	17/12	12/13	10/11	10/11	10/11
Geneva	17/12	12/13	10/11	10/11	10/11
Hamburg	17/12	12/13	10/11	10/11	10/11
Hanoi	17/12	12/13	10/11	10/11	10/11
Hong Kong	17/12	12/13	10/11	10/11	10/11
Istanbul	17/12	12/13	10/11	10/11	10/11
Jakarta	17/12	12/13	10/11	10/11	10/11
Johannesburg	17/12	12/13	10/11	10/11	10/11
Khartoum	17/12	12/13	10/11	10/11	10/11
Kuala Lumpur	17/12	12/13	10/11	10/11	10/11
London	17/12	12/13	10/11	10/11	10/11
Los Angeles	17/12	12/13	10/11	10/11	10/11
Luanda	17/12	12/13	10/11	10/11	10/11
Lyon	17/12	12/13	10/11	10/11	10/11
Madrid	17/12	12/13	10/11	10/11	10/11
Mannheim	17/12	12/13	10/11	10/11	10/11
Moscow	17/12	12/13	10/11	10/11	10/11
Munich	17/12	12/13	10/11	10/11	10/11
Nairobi	17/12	12/13	10/11	10/11	10/11
Nice	17/12	12/13	10/11	10/11	10/11
Osaka	17/12	12/13	10/11	10/11	10/11
Paris	17/12	12/13	10/11	10/11	10/11
Perth	17/12	12/13	10/11	10/11	10/11
Porto	17/12	12/13	10/11	10/11	10/11
Prague	17/12	12/13	10/11	10/11	10/11
Rangoon	17/12	12/13	10/11	10/11	10/11
Rio de Janeiro	17/12	12/13	10/11	10/11	10/11
Rome	17/12	12/13	10/11	10/11	10/11
Sao Paulo	17/12	12/13	10/11	10/11	10/11
Seoul	17/12	12/13	10/11	10/11	10/11
Shanghai	17/12	12/13	10/11	10/11	10/11
Singapore	17/12	12/13	10/11	10/11	10/11
Sofia	17/12	12/13	10/11	10/11	10/11
Taipei	17/12	12/13	10/11	10/11	10/11
Tokyo	17/12	12/13	10/11	10/11	10/11
Toronto	17/12	12/13	10/11	10/11	10/11
Ulaanbaatar	17/12	12/13	10/11	10/11	10/11
Washington	17/12	12/13	10/11	10/11	10/11
Yokohama	17/12	12/13	10/11	10/11	10/11



**North America**  
A shower will affect Toronto and Montreal Tuesday, while it is dry and pleasant from Boston and New York City to Washington, D.C. into Thursday. A moist west wind will bring showers to Vancouver and Seattle early Tuesday and again Wednesday. Southern California will be dry with some sun.

Middle East				Africa				Asia							
Today	High	Low	Wind	Tomorrow	High	Low	Wind	Today	High	Low	Wind	Tomorrow	High	Low	Wind
Algeria	22/24	16/19	C	21/26	17/13	16/11	16/21	Algeria	22/23	17/12	C	22/27	18/17	18/14	
Bahia	20/24	20/29	C	20/29	21/23	16/11	16/21	Cape Town	16/21	7/24	C	15/22	15/22	15/22	
Bombay	22/24	16/19	C	21/26	17/13	16/11	16/21	Dakar	22/23	17/12	C	22/27	18/17	18/14	
Damascus	21/27	12/25	C	20/29	16/19	15/13	15/25	Hanoi	22/28	19/15	C	22/30	19/16	19/16	
Dar es Salaam	21/27	12/25	C	20/29	16/19	15/13	15/25	Lagos	22/28	19/15	C	22/30	19/16	19/16	
Jerusalem	21/27	12/25	C	20/29	16/19	15/13	15/25	Luoyang	24/26	14/27	C	23/29	17/23	17/23	
Khartoum	21/27	12/25	C	20/29	16/19	15/13	15/25	Nairobi	22/27	12/25	C	22/27	13/23	15/29	
Lyons	24/30	22/21	C	24/32	18/14	16/10	16/21	Thundat	22/21	12/25	C	22/27	13/23	15/29	

Legend: S=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, sh-r=showers and rain